



ANNUAL REPORT

2021-22



KALUBOWITIYANA TEA FACTORY LIMITED
MINISTRY OF PLANTATION INDUSTRIES



VISION

To be the most recognized model in manufacturing and marketing of best Sri Lankan CTC and Orthodox Tea.

MISSION

To manufacture superior quality, tasty and consumer friendly Sri Lankan Tea aiming at internal and external markets.





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You can get this Annual Report as PDF on Our website
<https://www.kalubowitiyanatea.lk/annual-report.php>



Preamble

Corporate Profile Kalubowitiyana Tea Factory Limited

Kalubowitiyana Tea Factory Limited (KTFL) is a limited liability company incorporated under the Companies Act No; 17 of 1982 and re-registered under the new Companies Act No; 07 of 2007. The Company was established to produce Cut, Tear and Curl (CTC) Tea and commenced commercial operations on 1st August 1994, with an initial capital of Rs. 50 Million consisting of five million shares valued Rs.10 per share. The initial capital was provided under the Indian line of Credit. Our second tea factory at Derangala was established under the same line of credit and commenced its operations in March 2000. Our third Tea factory is the Hiniduma Hills Tea Factory, was previously under the Tea Shakthi Fund, was transferred to KTFL under a profit sharing agreement. The Company re-established this factory using its own funds and the Hiniduma Tea Factory commenced operations from 2012.

The latest addition to the Company is the Manikdiwela Factory which was previously belonged to the Tea Shakthi Fund, located at Manikdiwela Village, Yatinuwara Electorate in Kandy District. The Company used its own funds to re-establish this factory as well.

The Company produces approximately 2,000,000 Kgs, of quality teas annually, using the selected green leaf purchased from the smallholders.

The kalubowitiyana, Factory produces CTC Teas using the CUT, TEAR and CURL process, whilst Derangala, Hiniduma and Manikdiwela adopt the conventional orthodox process to produce range of leafy and small grades

KTFL owns and operates 4 ISO 22000:2018 Certified Factories, which manufacture the highest-quality Pure Ceylon Tea for the global market. Also add considerable brand value to KTFL's credentials as the leading CTC Tea manufacturer in the country. Reinforcing the commitment to be a world class Tea manufacturer, KTFL has adopted the internationally-accepted best practices including Global Gap framework, RA/UTZ standards and guidelines, in addition to Good Manufacturing Practices.

The Company's Tea production – around 90% is sold at the Colombo Tea Auction through Brokers, whilst a small proportion is destined for the local market through Sales Centers located island wide, Factories and Head Office.

The mandate of the company as per the Articles of Association is as follows:

- ▶ To carry on the business of tearing, curing, preparing, processing and manufacturing tea leaf purchased from growers
- ▶ To cultivate, grow, manage and superintend tea plantations.

Garden Marks and Type of Teas

Kalubowitiyana which Garden Mark of CTC is famous for its premium grade ; PF1 as it helps the busy world experience the true flavours of Teas by filling easy to use Tea Bags is the leader of CTC manufacturer in the country is becoming popular among local consumers.

Derangala, and Hiniduma marks has its reputation for appearance of its dark Tea Leaves of various shapes, when brewed, it materialises as a rich red liquid, full flavoured, strong and robust, a liquor distinctively unique from the other six regions.

Manikdiwela mark produces typical medium grown style range of Tea grades which has a distinctive bright intensely full bodied taste.

Our Products CTC

BP 1	PD	PF 1
------	----	------

Orthodox

FBOP 1	FBOPF	BOP 1	FBOPF 1
FBOP	BOP	OP 1	SILVER TIP
FBOPF SP	PEKOE	OP	

Standard

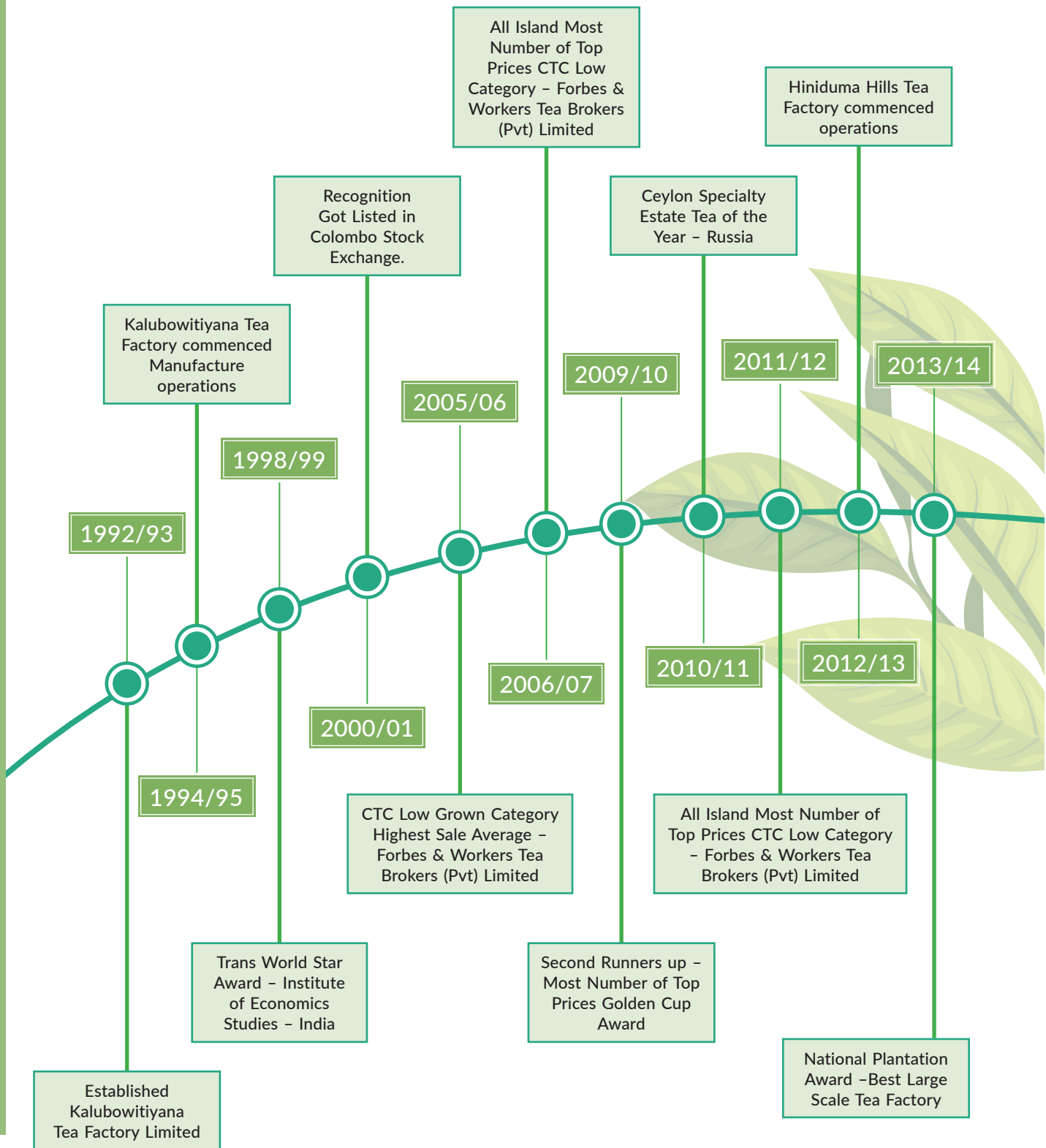
Our Teas are renowned for its excellent quality, having been certified for accepted quality certifications, product responsibility and customer health & safety. All products and processes are fully compliant with ISO 22000:2018 & HACCP certification issued by the Sri Lanka Accreditation Board and additionally all the factories have received GMP Certification. Implementation and maintaining Food Safety Management System (ISO 22000:2018 & HACCP) for all Black Tea manufacturing facilities reinforces our commitment towards product responsibility and ensures Food Safety and quality standards are maintained form end-to-end. Tea Quality is tested annually for heavy metals; Microbiological criteria and Agro-Chemical residues are per the requirement of ISO 3720 standard.

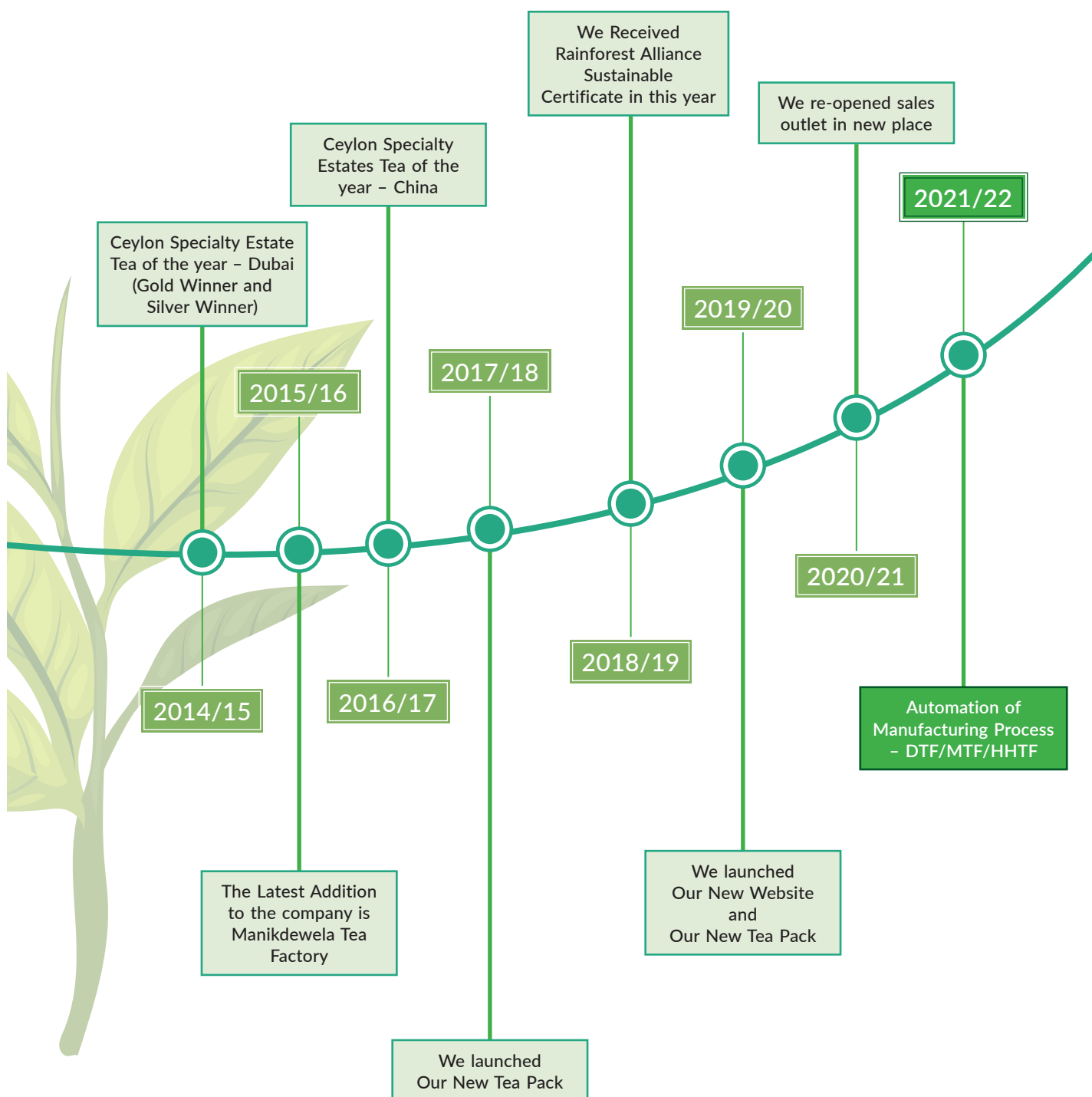




Our Journey

Kalubowitiyana Tea Factory Limited – Annual Report 2021/22





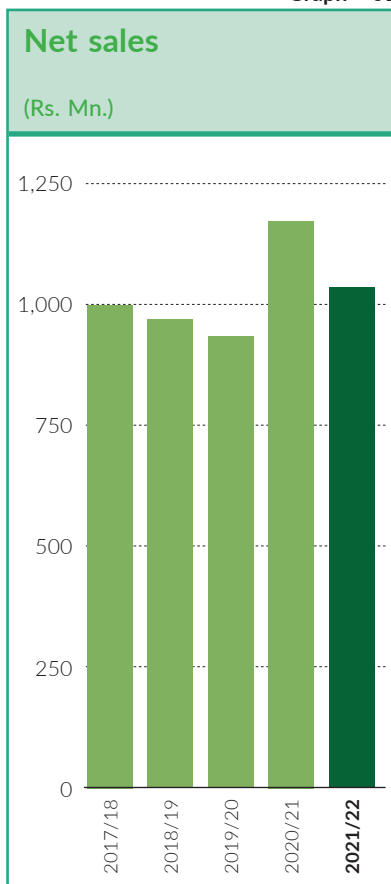


Financial Highlights

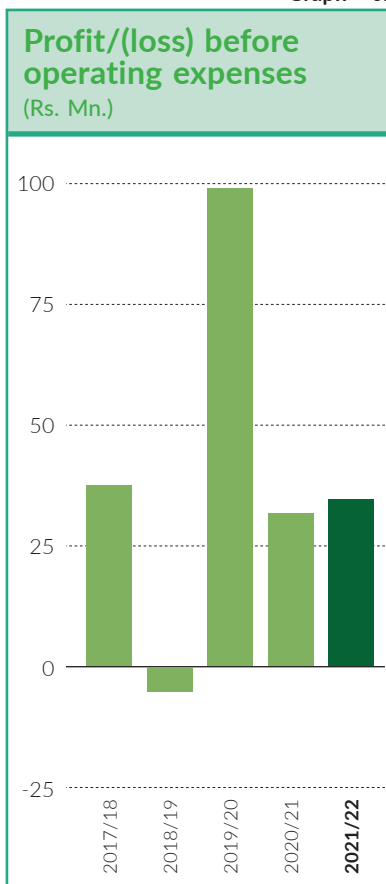
Table - 01

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Net sales	1,041,133,241.45	1,175,716,247.36
Cost of sales	(1,026,129,751.47)	(1,158,860,303.57)
Gross profit	15,003,489.99	16,855,943.79
Other operating income	20,003,552.09	15,240,381.46
Profit/(loss) before operating expenses	35,007,042.08	32,096,325.25
Administration expenses	(36,911,494.02)	(43,913,954.35)
Selling, distribution and other expenses	(247,805.00)	(646,594.68)
Profit/(loss) from operating activities	(2,152,256.94)	(12,464,223.78)
Finance income	8,475,018.69	11,508,748.27
Finance expenses	(9,087,533.99)	(14,189,483.93)
Net finance income	(612,515.30)	(2,680,735.66)
Net profit/(loss) before taxation	(2,764,772.24)	(15,144,959.44)
Taxation	(4,533,979.64)	1,001,556.55
Net profit after taxation	(7,298,751.88)	(14,143,402.89)
Earnings per share	(1.58)	(3.07)

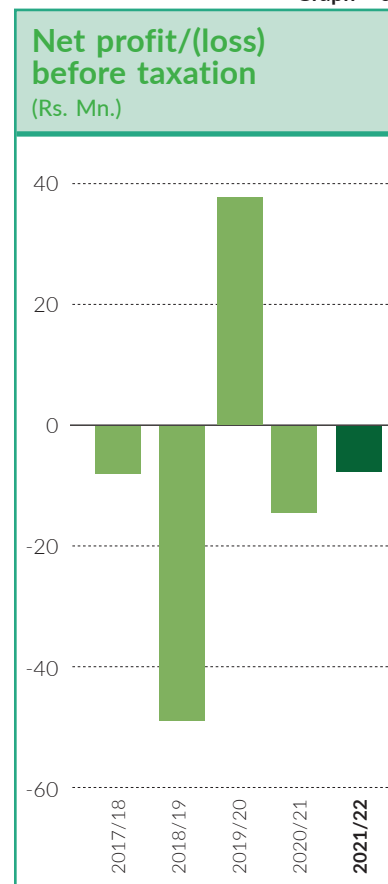
Graph - 01



Graph - 02



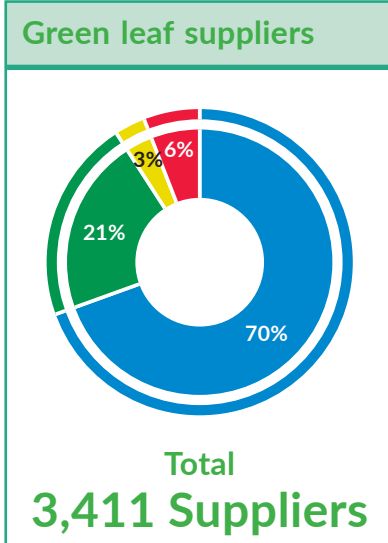
Graph - 03



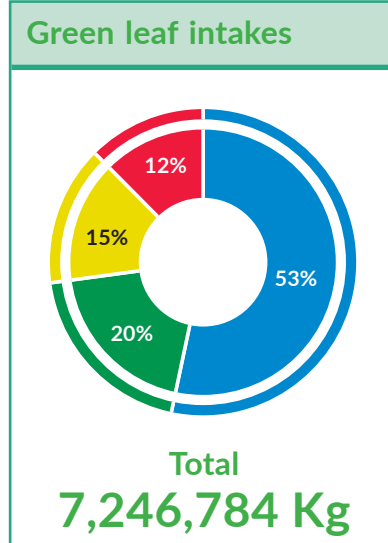
Non-Financial Highlights



Graph - 04



Graph - 05



Graph - 06

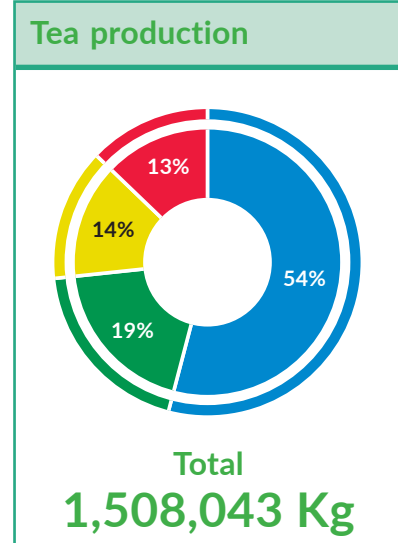


Table - 02

Factory	Green leaf suppliers (Nos.)	Green leaf intakes (Kg)	Tea production (Kg)
● - Kalubowitiyana Tea Factory	2,370	3,864,328	815,525
● - Derangala Tea Factory	730	1,415,917	290,193
● - Hiniduma Hills Tea Factory	110	1,065,104	209,053
● - Manikdewela Tea Factory	201	901,435	193,272

Importers of Sri Lankan tea in 2021/22





Chairman's Review

I am pleased to present the Annual Report for the Financial Year ended 31st March 2022. The tea industry in Sri Lanka has historically played a pivotal role in the economy, both in terms of foreign exchange earnings as well as providing employment opportunities. For more than a century, the tea industry has been at the forefront of driving the economy, and despite its challenges, continues to remain a vital industry in terms of national output, direct and indirect employment, and foreign exchange earnings. Continuing from a challenging period due to the impact of the COVID-19 pandemic in the previous year, the challenges were further exacerbated in the period under review due to the continuation of effects of the pandemic, as well as the fertilizer issues that impacted the entire plantation sector of the country. Macro-economic conditions that continued to show global challenges had an effect on the industry, compounded by effects of worldwide logistics, currencies, and supply and demand fluctuations, that drove government policy in many countries.

Local Tea Production

The continuation of effects from a debilitating COVID-19 pandemic showed restricted ease in resuming normal production, and showed slow restraint in allowing the economy to function in the "new normal" of living within constricted conditions. Government policy on the ban of chemical fertilizer that farmers had historically been accustomed to further compounded the condition, with the unavailability of fertilizer and subsequent slow access to the same at significantly higher prices posed visible results in the quantity and quality of green leaf.

The total tea production in Sri Lanka for the year 2021 recorded 299.34 Million kgs, in comparison to 278.33 MKgs for the same period in 2020 (+21.01MKGs). All three elevations of High, Medium and Low grown tea showed an increase the overall production of tea in comparison to 2020.

The total national average of teas sold during the year 2021 was Rs. 615.44 per kg, compared to the highest ever figure of Rs. 628.21 in the year 2020. Average prices in the High Grown elevation showed a rise from Rs. 580.90 in 2020 to Rs. 587.13 in 2021, while both Medium and Low Grown elevations showed a decline from Rs. 553.94 in 2020 to Rs. 550.80 in 2021, and Rs. 666.32 in 2020 to Rs. 644.23 in 2021 respectively.

Low Grown with the largest market share of 61.16% of the production recorded a continued increase to 183.18 million kgs from 169.88 million kgs in the previous year. Production in the High and Medium elevations too showed an increase from 62.24 MKgs in 2020 to 65.33 MKgs in 2021 and 46.73 Mkgs in 2020 to 50.98 MKgs in 2021 respectively.

Country-wise analysis shows that Iraq emerged as the largest importer of tea from Sri Lanka with an increase of 27% for the period January to December 2021 in comparison to the same period in 2020. Turkey has declined from its top position in the previous year to second place, with a drop of 23.5% YoY, followed by Russia which also shows a decline of 7.6% YoY. The UAE has moved up to the fourth position with a significant increase of 167% from the previous year. Iran shows a marginal gain of 4.7%, while other notable importers include China, Libya, Azerbaijan, Chile and Syria.



Company Performance

Against a challenging operating environment, although the total revenue of the Company increased to cross the Rs. 1 Billion mark to Rs. 1.175 Billion, the net profit ended on a negative Rs. 14 Million. The Company witnessed higher cost of sales resulting from enhanced prices paid for bought leaf, resulting in a reduced gross profit, despite the progress made on consistent reduction of administration and finance costs by implementing stringent controls.

Our Strategy

The key focus of the Company remains to be a consistent producer of quality end products while following Good Manufacturing Practices (GMP). In this context, the Management maintains strict quality parameters on Green Leaf, processing and marketing in order to achieve the final goals of the company. From a strategic perspective, the Company intends to provide continuous education and enhance the competence levels of the Tea Smallholder community serving the Company's factories in relation to sound agricultural practices, in an effort to increase yields and establish a higher premium on the end product. The consolidation of the "Randalu" welfare societies has succeeded in strengthen the good relationship with the smallholder segment, while marketing tea to the local market via the "Kalubowitiyana" brand continues to grow through various channels. In order to keep improving the knowledge levels and productivity of the executive staff and workers, Kalubowitiyana Tea Factory Ltd will continue to conduct relevant training and development programmes throughout the year. The Company recognises its people to be its strongest endowment, and continues to operate on strong fundamentals.

Future Prospects

The tea industry in Sri Lanka has witnessed a continuous downward trend, facing numerous difficulties including low planting rate, high cost of production, low productivity, shrinking land area utilised for plantations and severe shortages of labour. The local and global factors affecting the stability in production as well as in exports have been further affected by competition from other tea producing nations in Africa and from India.

The future of the industry will have to be given significant consideration and policy formulation, taking into account the prospective depletion of the number of tea pluckers as well as available suitable land mass. Policy formulation needs to be strategically developed, focusing clearly on the short, medium and long term goals and mechanisms to achieve them. Value addition, energy saving mechanisms, factory modernization, use of IoT and new digital technologies would need to be adopted, while ensuring accepted industry standards are maintained.

The long-term prospects of the entire Tea industry depends on innovation and adaptability to evolving consumption patterns and methods. While the overall clientele would naturally even comprise a smaller number of connoisseurs, value added, innovative, consumer friendly derivatives and alternatives may hold the future of the industry, with concentrates with varying flavours being transformed into the final product of varying desire. Finding the right balance between the grand traditional beverage and innovative solutions keeping with evolving consumption patterns may hold the key to the sustenance of the industry.

Appreciation

On behalf of the Board of Directors, I would like to extend my appreciation to the Tea Smallholder sector on whom we continue to remain dependent, as well as the employees and Management of Kalubowitiyana Tea Factory Ltd, whose consolidated efforts continue to steer forward our operations amidst challenging environments. Our sincere appreciation extends to the Minister of Plantation Industries Hon. Dr. Ramesh Pathirana, for his valuable advise and guidance afforded to us at all times, as well as the unstinted support of the Secretary and officials of the Ministry of Plantation Industries and the Board of Directors of KTFL. We greatly valued the support rendered to us by all the Tea Brokering Companies and buyers of our products, who have constantly given us competitive premiums for our Teas. Despite the year ahead looming with significant challenges, I draw confidence from the support and loyalty of our people, our stakeholders with their strong partnerships, which constantly gives us determination in forging ahead with confidence.

Aminda Rodrigo
Chairman



Board of Directors

Chairman	→	Mr. B. K. A. U. Rodrigo
Member/Shareholder	→	Mrs. Indrani Sugathadasa
Director/Treasury Representative*	→	Mr. Hemal Kasthuriarachchi
Director/Treasury Representative**	→	Mrs. J. A. T. D. S. Kumara
Member/Ministry Representative	→	Mrs. D. M. M. Dissanayake
Member	→	Mr. D. U. Abeysundera
Member	→	Mr. W. K. B. T. K. Alwis
Member	→	Mr. J. Wijesinghe
Member	→	Mr. R. C. D. Jayawardena

* Until 24th March 2022

** From 25th March 2022

Corporate Management



Managing Director/CEO

Dr. M. N. Jayawardena

Manager – Finance

Mrs. S. A. Nirosha Lalani

Acting Manager – Administration & Human Resources

Mr. P. Dehiwalage

Factory Manager – Kalubowitiyana Tea Factory

Mr. T. A. D. J. C. Thilakarathna

Factory Manager – Derangala Tea Factory

Mr. S. A. Thusitha

Factory Manager – Manikdiwela Tea Factory

Mr. D. J. Mohottige

Assistant Factory Manager – Hiniduma Hills Tea Factory

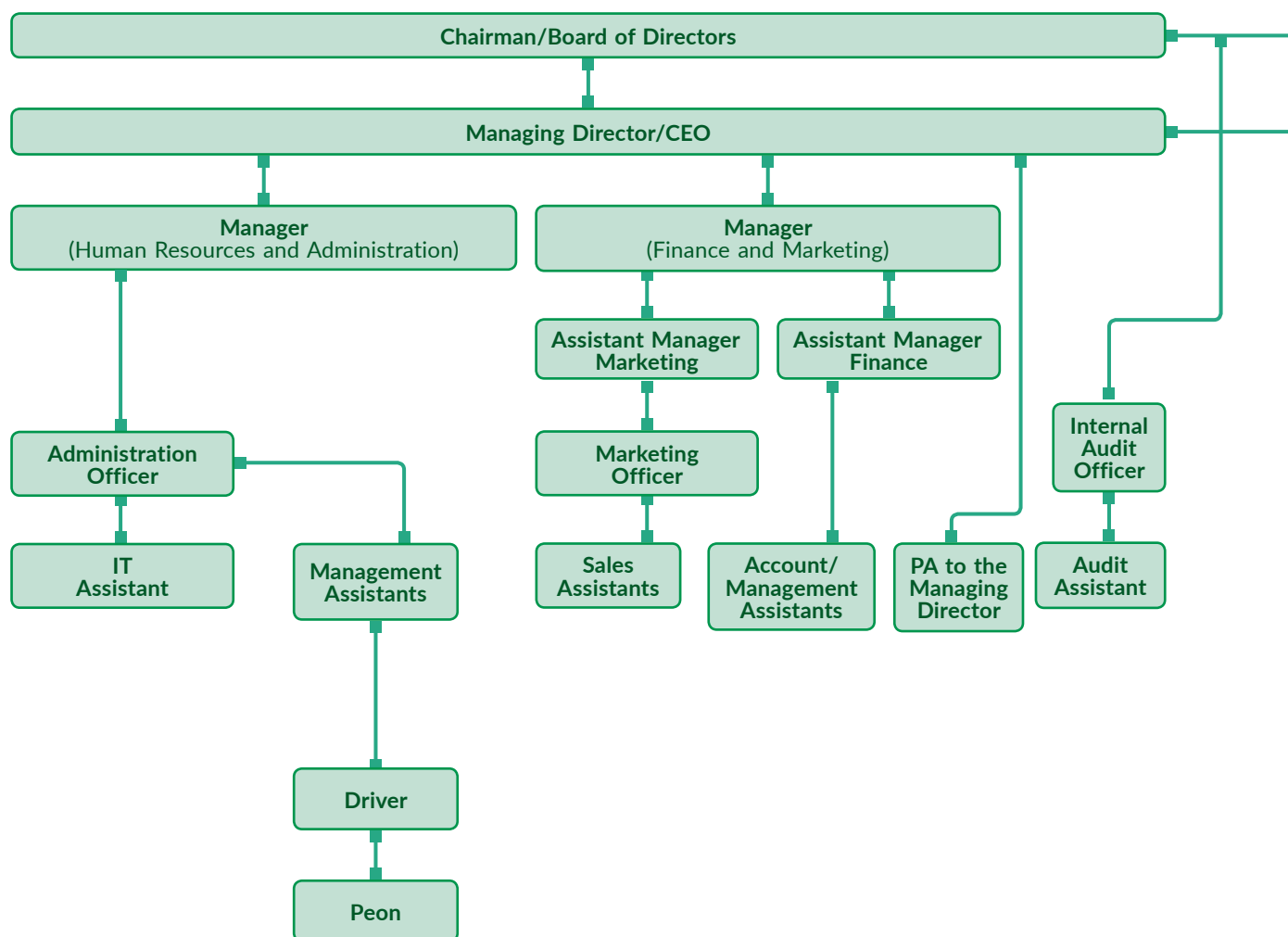
Mr. L. A. D. D. I. Nandasiri

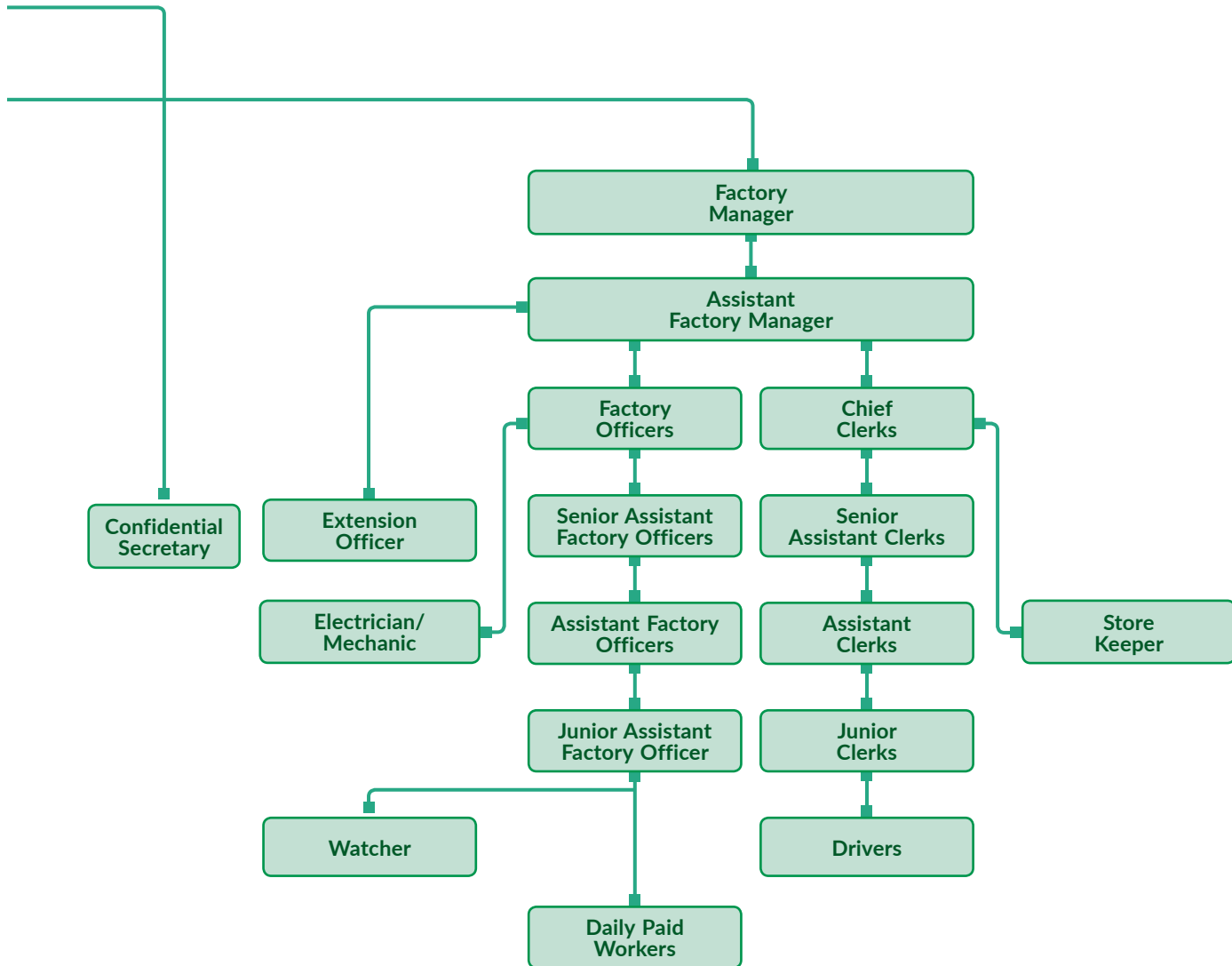
Assistant Manager – Marketing

Mr. A. A. M. Afras



Organisational Structure







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Operational Information

Head Office

Address	No. 53, Rathnayaka Mawatha, Pelawatta, Thalangama South, Battaramulla, Sri Lanka.			
Human Resources	Managing Director	- 1	Accounts Assistant	- 2
	Manager Finance	- 1	Management Assistant	- 11
	Assistant Manager Finance	- 1	Peon	- 3
	Assistant Manager Marketing	- 1	Driver	- 4



Kalubowitiyana CTC Tea Factory

District	Matara	Sub District	Morawaka	
Village	Kalubowitiyana	Elevation	Low Country	
Trade Mark	Kalubowitiyana	Type of Production	CTC Teas	
Human Resources	Factory Manager	- 1	Factory Staff	- 15
	Office Staff	- 6		



Derangala Tea Factory

District	Matara	Sub District	Morawaka	
Village	Kiriwelkelle	Elevation	Low Country	
Trade Mark	Derangala/ Kiriwelkelle	Type of Production	Orthodox Teas	
Human Resources	Factory Manager	- 1	Factory Staff	- 10
	Office Staff	- 4		



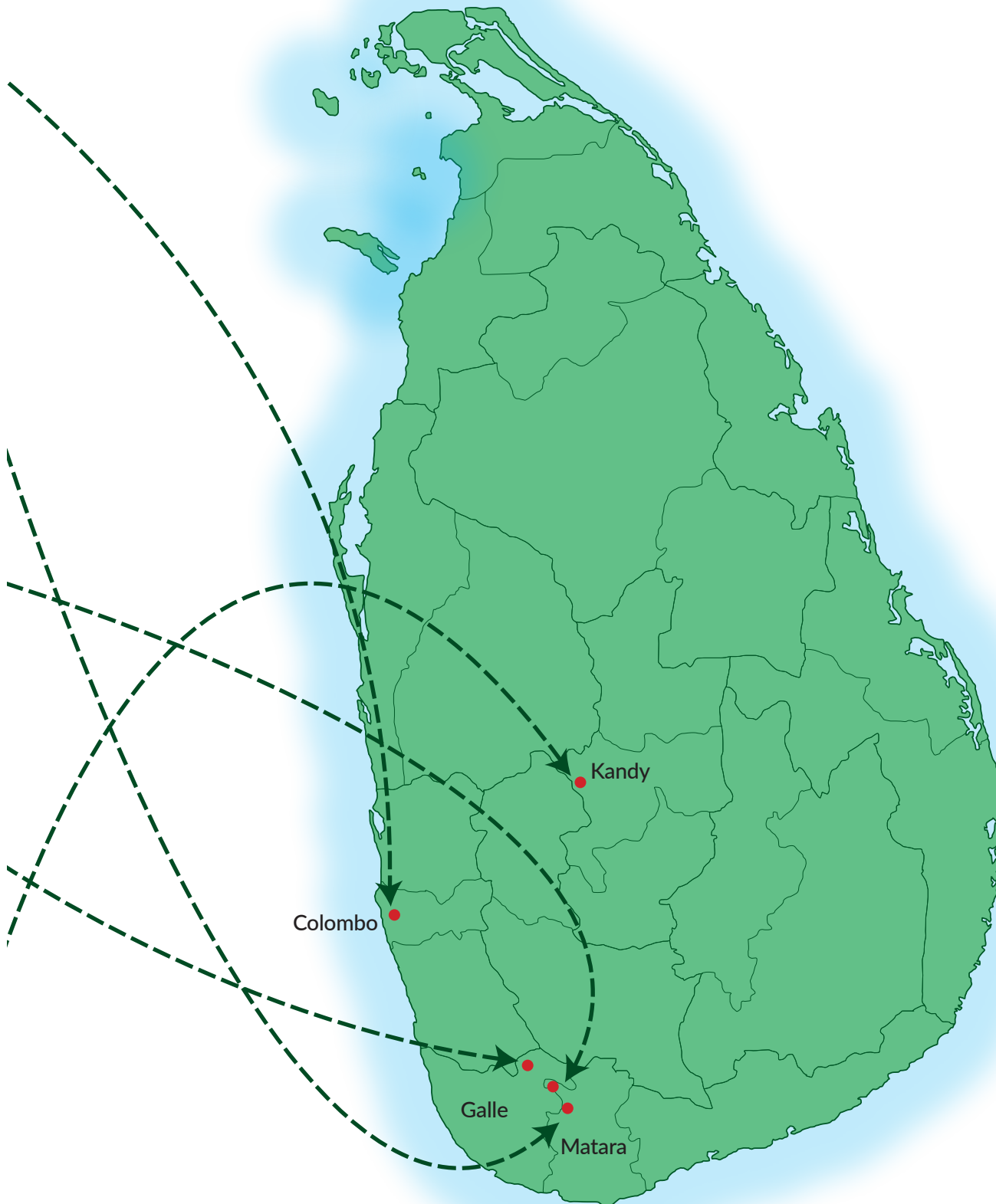
Hiniduma Hills Tea Factory

District	Galle	Sub District	Thawalama
Village	Jasmine valley	Elevation	Low Country
Trade Mark	Hiniduma Hills/ Thawalama Hills	Type of Production	Orthodox Teas
Human Resources	Assistant Factory Manager – 1 Office Staff – 3	Factory Staff – 11	



Manikdewela Tea Factory

District	Kandy	Sub District	Yatinuwara	
Village	Manikdewela	Elevation	Western Medium	
Trade Mark	Manikdewela	Type of Production	Orthodox Teas	
Human Resources	Factory Manager	- 1	Factory Staff	- 5
	Office Staff	- 3		





Factory wise Profit/(Loss)

Kalubowitiyana Tea Factory

During the financial year of 2021/22, Kalubowitiyana Tea Factory secured a crop of 3,864,328 kgs which recorded as 71.56% of the estimated crop of 5,400,000 kgs, in spite of unfavourable weather conditions prevailed in the region. As the prices for Low grown and CTC increased, there was heavy competition among the Factories for sourcing of Green Leaf which was inevitable, however Kalubowitiyana Factory continued to pay the highest rate in the region during the year 2021/22 thereby demanded Small Holders to supply Good Leaf to the factory.

Kalubowitiyana Tea Factory recorded a profit of Rs. 49.08 Mn during the financial year.

Kalubowitiyana Tea Factory contributed to support the Tea Small Holders by way of improving their income and living standards by paying a reasonable price for Green Leaf Supplied by them.

Derangala Tea Factory

Although Derangala Tea Factory secured 1,415,917 kgs as against the estimated crop of 1,680,000 kgs, it made a loss of Rs. (5.96) Mn at the end of the financial year 2021/22. One of the areas which resulted the adverse outcome was the securing of Good Quality Leaf, which was limited and challenging, also the competition prevailed among factories too affected, obtaining desired Quality Leaf to the Factory.

Management has addressed the issues faced by the Factory, in relation to securing of Good Quality Leaf, is in the process of strategizing same to optimize the profits of this unit.

Hiniduma Tea Factory

This factory recorded 1,065,104 kg green leaf which is 59.17% of the estimated crop. Hiniduma Hills Tea Factory made a loss of Rs. (12.38) Mn at the end of Financial Year 2021/22.

The focus of the factory is to accept only good quality leaf in order to produce a better end product to achieve a NSA above the Elevation Average.

Manikdewela Tea Factory

Due to unfavourable climate conditions, the factory recorded 901,435 kg Green Leaf, which is 59.30% of the estimated crop. There were multiple reasons for the loss of (Rs.16.75) Mn, securing of Good Quality Leaf, artificial rates paid by the competing factories, lack of competency of the employees were few concerns, which are been address by the corporate management at present. Management is optimistic that Factory would produce a reasonable end product, obtain premium prices, enabling Factory to make profits during ensuring period.

Table - 03

	Kalubowitiyana Tea Factory (Rs.)	Derangala Tea Factory (Rs.)	Hiniduma Hills Tea Factory (Rs.)	Manikdewela Tea Factory (Rs.)
Gross Sales	563,607,282.00	197,252,770.00	147,104,840.00	89,926,815.96
Less: Brokerage & Sales Expenses	(6,479,756.38)	(3,114,006.83)	(2,386,325.43)	(1,536,980.58)
	557,127,525.62	194,138,763.17	144,718,514.57	88,389,835.38
Add - Local sales	21,642,605.85	6,382,258.04	3,923,049.00	6,320,531.82
Total	578,770,131.47	200,521,021.21	148,641,563.57	94,710,367.20
Cost of sales				
Bought leaf	416,161,361.77	148,723,791.37	110,011,318.00	71,322,432.96
Manufacturing Cost				
Production cost	79,554,106.95	42,996,665.76	33,461,748.61	30,122,246.34
General charges	33,498,729.95	21,120,669.11	14,946,477.31	17,957,714.03
	529,214,198.67	212,841,126.24	158,419,543.92	119,402,393.33
Add: Opening stock	59,276,319.90	30,719,791.20	24,418,236.64	10,984,858.61
Less: Closing stock	(58,803,889.88)	(37,082,395.35)	(21,808,413.71)	(18,923,517.38)
Total	529,686,628.69	206,478,522.09	161,029,366.86	111,463,734.56
Profit/(Loss)	49,083,502.78	(5,957,500.88)	(12,387,803.29)	(16,753,367.36)

Monthly Production of Tea



Table - 04

Month	Kalubowitiyana Tea Factory (Kg)	Derangala Tea Factory (Kg)	Hiniduma Hills Tea Factory (Kg)	Manikdewela Tea Factory (Kg)	Total (Kg)
April 2021	68,324	32,600	22,746	19,851	143,521
May	79,703	23,945	16,908	33,497	154,053
June	46,050	34,013	25,300	20,507	125,870
July	69,367	22,132	17,616	16,794	125,909
August	70,973	22,063	17,244	11,633	121,913
September	69,258	22,412	19,701	10,835	122,206
October	66,909	22,138	16,270	10,228	115,545
November	55,895	21,561	16,926	5,717	100,099
December	59,199	19,514	16,426	8,048	103,187
January 2022	79,667	22,880	14,470	26,067	143,084
February	66,527	23,122	12,520	12,756	114,925
March	83,653	23,813	12,926	17,340	137,732
Total	815,525	290,193	209,053	193,272	1,508,043

Graph - 07





Annual Production of Tea

Table - 05

Year	Kalubowitiyana Tea Factory (Kg)	Derangala Tea Factory (Kg)	Hiniduma Hills Tea Factory (Kg)	Manikdewela Tea Factory (Kg)	Total (Kg)
1994/95	536,780	-	-	-	536,780
1995/96	1,038,739	-	-	-	1,038,739
1996/97	1,082,973	-	-	-	1,082,973
1997/98	1,194,418	-	-	-	1,194,418
1998/99	809,741	-	-	-	809,741
1999/02	884,197	14,584	-	-	898,781
2000/01	914,433	494,894	-	-	1,409,327
2001/02	954,905	536,601	-	-	1,491,506
2002/03	1,039,447	636,762	-	-	1,676,209
2003/04	1,154,969	488,915	-	-	1,643,884
2004/05	1,173,659	361,154	-	-	1,534,813
2005/06	1,161,031	348,651	-	-	1,509,682
2006/07	1,272,903	278,828	-	-	1,551,731
2007/08	1,097,681	320,512	-	-	1,418,193
2008/09	967,631	227,617	-	-	1,195,248
2009/10	950,347	222,824	-	-	1,173,171
2010/11	994,746	269,314	-	-	1,264,060
2011/12	1,170,972	240,901	-	-	1,411,873
2012/13	1,110,907	254,706	168,425	-	1,534,038
2013/14	995,844	281,666	146,031	-	1,423,541
2014/15	943,706	315,854	171,751	-	1,431,311
2015/16	994,541	460,860	219,765	117,017	1,792,183
2016/17	811,708	429,382	253,157	209,464	1,703,711
2017/18	731,750	289,634	242,955	210,107	1,474,446
2018/19	807,843	276,186	174,272	202,120	1,460,421
2019/20	900,125	290,262	138,805	125,078	1,454,270
2020/21	916,577	314,349	320,290	163,508	1,714,724
2021/22	815,525	290,193	209,053	193,272	1,508,043
Total	27,428,098	7,644,649	2,044,504	1,220,566	38,337,816

Graph - 08

Annual Tea Production of the Company

(Kg Mn.)



Monthly Green Leaf Intakes



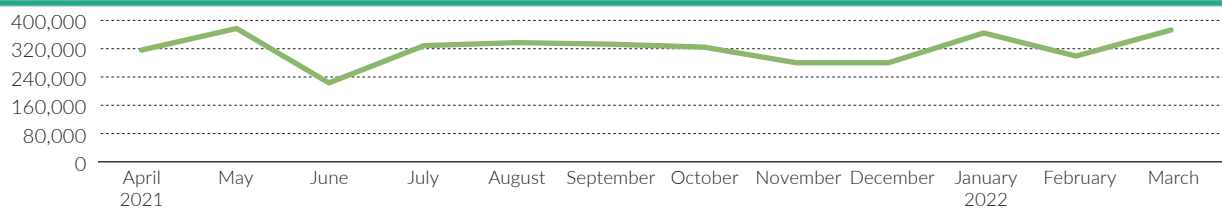
Table - 06

Month	Kalubowitiyana Tea Factory		Derangala Tea Factory		Hiniduma Hills Tea Factory		Manikdewela Tea Factory		Total	
	No. of Suppliers	Supplied (Kg)	No. of Suppliers	Supplied (Kg)	No. of Suppliers	Supplied (Kg)	No. of Suppliers	Supplied (Kg)	No. of Suppliers	Supplied (Kg)
April 2021	2,296	318,661	697	157,327	147	111,745	302	86,308	3,442	674,041
May	2,270	384,208	702	115,658	129	82,477	293	155,441	3,394	737,784
June	2,237	218,016	706	164,793	124	133,038	283	97,198	3,350	613,045
July	2,243	330,312	718	110,494	122	91,363	283	79,783	3,366	611,952
August	2,238	341,216	718	109,800	123	87,664	289	56,069	3,368	594,749
September	2,224	335,791	716	111,962	121	101,553	274	52,832	3,335	602,138
October	2,224	327,874	720	110,297	114	83,245	259	51,596	3,317	573,012
November	2,168	278,397	718	110,571	109	87,550	213	28,574	3,208	505,092
December	2,184	279,643	722	96,870	135	84,666	229	40,538	3,270	501,717
January 2022	2,230	370,201	739	108,836	126	71,277	222	121,126	3,317	671,440
February	2,234	300,523	724	108,557	121	62,292	202	56,548	3,281	527,920
March	2,370	379,486	730	110,752	110	68,234	201	75,422	3,411	633,894
Total		3,864,328		1,415,917		1,065,104		901,435		7,246,784

Graph - 09

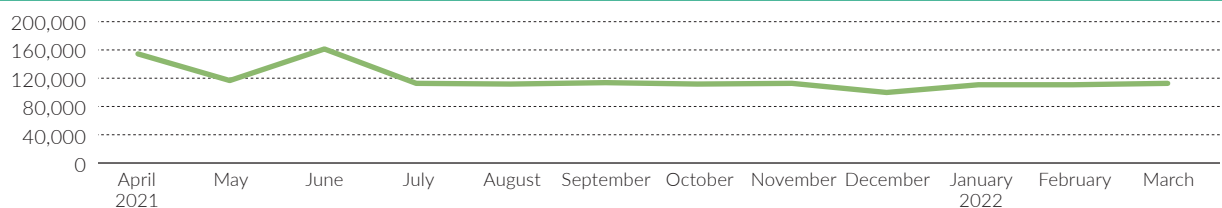
Kalubowitiyana Tea Factory

(Kg)



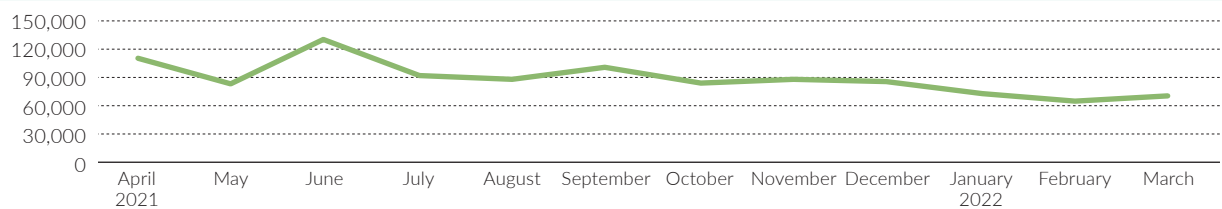
Derangala Tea Factory

(Kg)



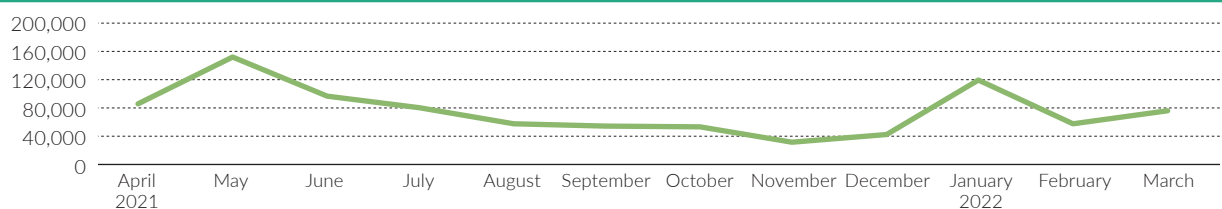
Hiniduma Hills Tea Factory

(Kg)



Manikdewela Tea Factory

(Kg)





Annual Green Leaf Intakes

Year	Kalubowitiyana Tea Factory			Derangala Tea Factory			
	Quantity (Kg)	Rate (Rs.)	Amount Paid (Rs.)	Quantity (Kg)	Rate (Rs.)	Amount Paid (Rs.)	
1994/95	2,539,978	11.65	29,587,982.13	-	-	-	
1995/96	4,758,850	13.50	64,251,776.63	-	-	-	
1996/97	5,011,298	16.76	83,946,849.41	-	-	-	
1997/98	5,619,161	21.49	120,746,103.55	-	-	-	
1998/99	3,764,498	20.99	79,009,251.87	-	-	-	
1999/02	4,092,958	20.54	84,059,716.54	68,377	21.00	1,435,917.00	
2000/01	4,225,019	24.73	104,493,119.37	2,283,999	23.21	53,001,315.79	
2001/02	4,406,549	25.76	113,531,489.13	2,452,187	23.33	57,224,296.34	
2002/03	4,779,581	27.06	129,321,153.69	3,042,878	22.67	68,985,911.36	
2003/04	5,316,428	29.28	155,642,831.99	2,274,012	23.82	54,158,850.23	
2004/05	5,464,753	34.08	186,241,089.52	1,727,312	27.70	47,847,765.77	
2005/06	5,362,732	36.30	194,683,064.10	1,688,298	29.11	49,302,770.60	
2006/07	5,859,734	38.43	225,182,103.24	1,339,562	32.28	43,239,914.14	
2007/08	5,061,084	51.08	258,498,237.53	1,559,138	46.93	73,165,311.51	
2008/09	4,455,756	53.57	238,716,305.27	1,129,629	46.22	52,214,017.57	
2009/10	4,406,749	62.57	275,722,181.37	1,114,004	57.22	63,746,050.83	
2010/11	4,634,137	66.28	307,172,293.98	1,359,341	59.29	80,593,192.05	
2011/12	5,421,437	69.59	377,269,886.08	1,136,937	58.20	64,713,552.59	
2012/13	5,161,301	71.16	367,260,153.59	1,243,421	64.55	80,264,641.77	
2013/14	4,638,578	80.13	374,733,726.05	1,386,298	74.78	103,673,719.50	
2014/15	4,446,200	76.98	342,285,327.53	1,539,561	72.58	111,742,927.78	
2015/16	4,774,872	65.73	313,847,559.85	2,249,785	61.38	138,094,577.16	
2016/17	3,941,813	83.24	328,101,039.57	2,113,499	81.96	173,224,141.40	
2017/18	3,499,414	104.54	365,832,985.62	1,474,475	99.04	146,034,388.15	
2018/19	3,855,520	95.16	366,886,374.08	1,342,705	93.51	125,550,355.49	
2019/20	4,237,689	100.87	427,449,410.06	1,399,915	89.68	125,544,934.27	
2020/21	4,375,283	106.58	466,296,828.09	1,517,906	104.21	158,180,301.64	
2021/22	3,864,328	102.53	396,209,549.84	1,415,917	108.44	153,542,039.48	



Table - 07

	Hiniduma Hills Tea Factory			Manikdewela Tea Factory		
	Quantity (Kg)	Rate (Rs.)	Amount Paid (Rs.)	Quantity (Kg)	Rate (Rs.)	Amount Paid (Rs.)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
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	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	838,887	65.05	54,569,118.77	-	-	-
	731,251	75.77	55,409,906.20	-	-	-
	834,380	72.16	60,205,968.18	-	-	-
	1,095,511	59.46	65,134,943.29	542,106	58.77	31,857,497.17
	1,235,080	81.32	100,442,354.51	1,033,573	67.62	69,894,090.60
	1,224,781	96.97	118,761,884.04	1,097,625	82.90	90,989,485.60
	875,077	91.24	79,841,933.04	1,023,085	73.86	75,565,752.59
	683,988	91.72	62,736,320.77	625,482	66.76	41,757,404.71
	1,577,904	106.63	168,259,179.97	800,398	80.69	64,583,463.46
	1,065,104	107.27	114,258,855.04	901,435	81.57	73,530,052.95



Comparison Details – Production

Contribution to Low Grown CTC Production and National CTC Production

Table – 08

Month	CTC		Production of KTF* (Kg '000)	Contribution to the production	
	Low Grown (Kg '000)	National (Kg '000)		Low Grown (%)	National (%)
April 2021	970	2,586	68.32	7.04	2.64
May	975	2,759	79.70	8.17	2.89
June	930	2,086	46.05	4.95	2.21
July	881	2,162	69.37	7.87	3.21
August	877	1,975	70.97	8.09	3.59
September	918	1,895	69.26	7.54	3.65
October	1,039	2,243	66.91	6.44	2.98
November	861	1,871	55.90	6.49	2.99
December	922	2,005	59.20	6.42	2.95
January 2022	926	2,235	79.67	8.60	3.56
February	844	1,705	66.53	7.88	3.90
March	882	1,798	83.65	9.48	4.65
Total	11,025	25,320	815.53	7.40	3.22

* Kalubowitiyana Tea Factory

Contribution to Low Grown Orthodox Production and National Orthodox Production

Table – 09

Month	Orthodox Production			Production		Contribution to the production		
	Low Grown (Kg '000)	Medium (Kg '000)	National (Kg '000)	DTF*/HHTF** (Kg '000)	MTF*** (Kg '000)	Low Grown (%)	Medium (%)	National (%)
April 2021	16,506	4,486	27,252	55.3	19.9	0.34	0.44	0.28
May	16,487	4,821	28,118	40.9	33.5	0.25	0.69	0.26
June	14,684	3,662	23,727	59.3	20.5	0.40	0.56	0.34
July	14,789	3,988	23,967	39.7	16.8	0.27	0.42	0.24
August	14,044	3,118	21,652	39.3	11.6	0.28	0.37	0.24
September	13,952	2,946	20,615	42.1	10.8	0.30	0.37	0.26
October	14,182	3,203	21,697	38.4	10.2	0.27	0.32	0.22
November	11,838	2,565	18,038	38.5	5.7	0.33	0.22	0.25
December	11,797	2,541	18,323	35.9	8.0	0.30	0.32	0.24
January 2022	12,549	3,032	20,356	37.4	26.1	0.30	0.86	0.31
February	10,165	2,286	16,310	35.6	12.8	0.35	0.56	0.30
March	12,626	2,945	20,100	36.7	17.3	0.29	0.59	0.27
Total	163,619	39,593	260,155	499.2	193.3	0.31	0.49	0.27

* Derangala Tea Factory

** Hiniduma Hills Tea Factory

*** Manikdewela Tea Factory



Contribution to Low Grown Tea Production and National Tea Production by the Company

Table – 10

Month	Total Production			Total Production Company (Kg '000)	Contribution to the production		
	Low Grown	Medium	National		Low Grown	Medium	National
	(Kg '000)	(Kg '000)	(Kg '000)		(%)	(%)	(%)
April 2021	17,476	4,486	29,838	143.5	0.82	0.44	0.48
May	17,462	4,821	30,877	154.1	0.88	0.69	0.50
June	15,614	3,662	25,813	125.9	0.81	0.56	0.49
July	15,670	3,988	26,129	125.9	0.80	0.42	0.48
August	14,921	3,118	23,627	121.9	0.82	0.37	0.52
September	14,870	2,946	22,510	122.2	0.82	0.37	0.54
October	15,221	3,203	23,940	115.5	0.76	0.32	0.48
November	12,699	2,565	19,909	100.1	0.79	0.22	0.50
December	12,720	2,541	20,328	103.2	0.81	0.32	0.51
January 2022	13,475	3,032	22,591	143.1	1.06	0.86	0.63
February	11,009	2,286	18,015	114.9	1.04	0.56	0.64
March	13,509	2,945	21,898	137.7	1.02	0.50	0.63
Total	174,646	39,593	285,475	1,508.0	0.86	0.49	0.53



Comparison of Sales Averages with Elevation

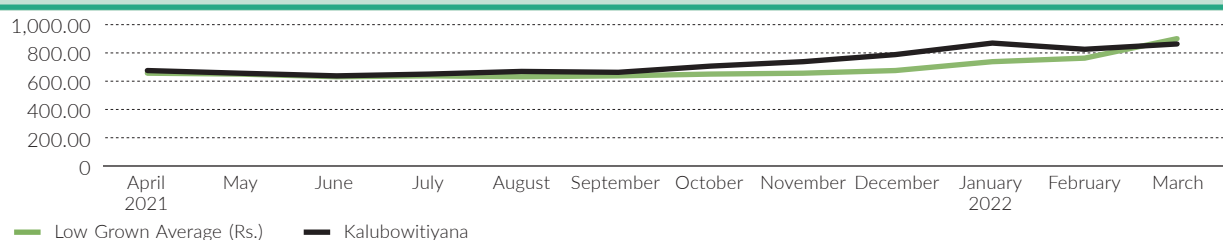
Comparison with Low Grown Elevation Average

Table – 11

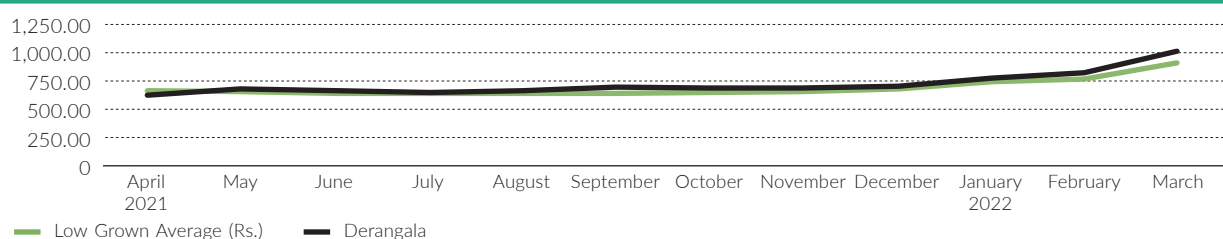
Month	Low Grown Average (Rs.)	Monthly Average					
		Kalubowitiyana (Rs.)	Variance	Derangala (Rs.)	Variance	Hiniduma (Rs.)	Variance
April 2021	646.39	664.39	18.00	603.05	(43.34)	627.28	(19.11)
May	640.34	641.36	1.02	669.85	29.51	663.85	23.51
June	620.09	624.22	4.13	650.76	30.67	649.75	29.66
July	625.08	640.90	15.82	630.91	5.83	645.10	20.02
August	619.24	661.94	42.70	647.80	28.56	658.30	39.06
September	621.17	652.58	31.41	684.64	63.47	669.69	48.52
October	634.96	698.84	63.88	676.55	41.59	607.00	(27.96)
November	643.21	735.05	91.84	677.70	34.49	664.52	21.31
December	662.24	790.28	128.04	692.63	30.39	695.53	33.29
January 2022	733.69	880.30	146.61	768.83	35.14	733.95	0.26
February	759.45	835.19	75.74	821.68	62.23	807.43	47.98
March	915.77	872.38	(43.39)	1,036.11	120.34	943.91	28.14

Graph – 10

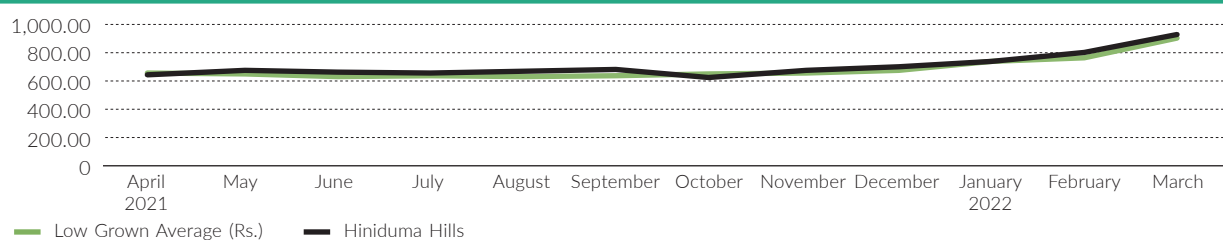
Kalubowitiyana Tea Factory – Comparison with Low Grown Elevation Average (Rs.)



Derangala Tea Factory – Comparison with Low Grown Elevation Average (Rs.)



Hiniduma Hills Tea Factory – Comparison with Low Grown Elevation Average (Rs.)



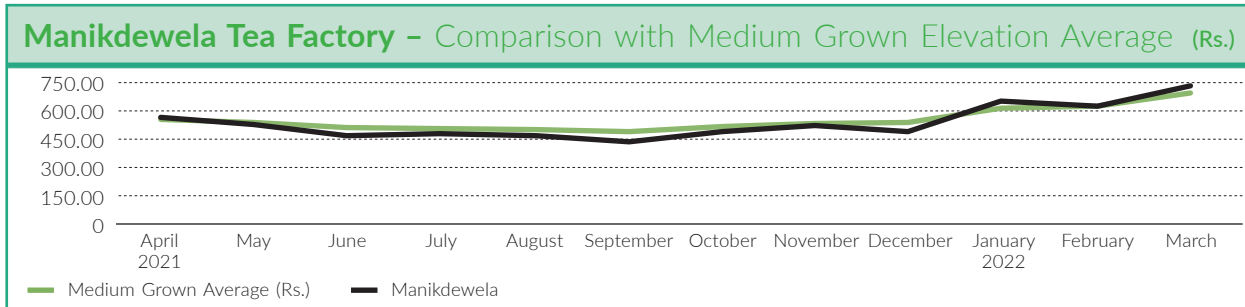


Comparison with Medium Grown Elevational Average

Table – 12

Month	Medium Grown Average (Rs.)	Monthly Average	
		Manikdewela (Rs.)	Variance
April 2021	554.45	568.70	14.25
May	538.58	525.44	(13.14)
June	509.92	461.32	(48.60)
July	503.04	471.22	(31.82)
August	498.41	463.94	(34.47)
September	483.47	427.38	(56.09)
October	512.88	488.14	(24.74)
November	533.66	520.14	(13.52)
December	536.55	485.21	(51.34)
January 2022	617.48	658.58	41.10
February	632.34	632.75	0.41
March	707.16	745.40	38.24

Graph – 11





Top Prices – 2021/22

Table – 13

Sale date	Sale No.	PF1			P-Dust		
		Broker	Invoice No.	Price	Broker	Invoice No.	Price
2021-04-21	15				BPM	740	750.00
2021-06-29	25				FW	124	640.00
2021-07-06	26				BPM	135	680.00
2021-08-03	30	LCBL	173, 179	660.00			
2021-08-17	32	JK	198	690.00			
2021-10-05	39				FW	210	660.00
2021-10-18	41	JK, CTB	325, 334	720.00			
2022-01-04	1	JK	467,472	870.00			
2022-01-10	2	JK, FW, FW, CTB	482, 477, 484, 483	880.00			
2022-01-25	4	FW	500	940.00			
2022-02-03	9	ASIA	585	810.00			
2022-03-22	12	FW, BPM, ASIA, JK	622, 617, 623, 618, 624, 619, 626	920.00			

JK – John Keells PLC

BPM – Bartleet Produce Marketing (Pvt) Limited

LCBL – Lanka Commodity Brokers Ltd

CTB – Ceylon Tea Brokers Ltd

FW – Forbes & Walker Tea Brokers Ltd

ASIA – Asiya Siyaka Tea Brokers Ltd



Revenue Analysis

In the year under review, the company reported gross revenue of Rs. 1,041 Mn in comparison to Rs. 1,176 Mn recorded in the previous financial year, which reflects a 11.48% decrease year on year. Some key challenges from the previous year prevailed during the year under consideration as well, such as unfavorable weather conditions that affected crop output; a loss of several buyers in Russia who shifted towards procuring CTC teas from Kenya; and serve competition among tea factories to source as much green leaf as possible from the Tea Small Holder segment.

Rs. 51 Mn Local Sales in last year have been increased to Rs. 56 Mn in this year.

Cost of Sales and Operating Expenses

The Cost of sales amounting to Rs. 1,026 Mn witnessed a 11.39% decrease from the previous financial year. The cost of green leaf was decreased during the year.

Administration expenses were decreased to Rs. 36.91 Mn in 2021/22 against Rs. 43.91 Mn in the previous year, in line with a decrease in multiple expenditure components.

Other Operating Income

Other Operating Income increase to Rs.20.0 Mn from 15.24 Mn recorded in the previous financial year. Consequently the operating Profit was increased to Rs. (2.15) Mn from Rs. (12.46) Mn recorded in previous year.

Finance Cost

During the year, the company's Finance expenses were Rs. 9.08 Mn. The company earned an interest income amounting to Rs. 8.47 Mn during the current financial year. The company loan to BCC Lanka in 2003 continued to remain on the balance sheet and generated an interest income to the company.

Financial Position and Liquidity Non-Current Assets

The Non-current assets comprise 173% of the total asset base due to the revaluation. During the financial year under review, the company invested Rs. 22.39 Mn for Plant & Machinery, Building and Factory Equipment's, Furniture and Fittings.

Loan – BCC Lanka Ltd.

During the year, the company made several attempts to recover the loan of Rs. 10 Mn given to BCC Lanka Ltd way back in 2004; together with accumulated interest of Rs. 51.12 Mn (totaling Rs. 61.12 Mn) however none of the attempts were successful.

Working Capital

During the year, the company's current assets rose to 443.6 Mn from Rs. 385.37 Mn in the previous year. Inventories were increased to Rs. 174 Mn from Rs. 149 Mn. The trade payables quantum increase of Rs. 126 Mn from Rs. 83 Mn in the previous year. Bank overdrafts significantly increased Rs. 76 Mn from Rs. 62 in the previous year. The company therefore managed to maintain its working capital cycle within satisfactory limits.

Capital Structure Equity

The company's issued ordinary share capital amounts to Rs. 46,375,070.00. Brought forward losses reserves increased by revaluation gain and Treasury Grant for the financial year under review.

Borrowings

The company not obtained any borrowings in this financial year.



Human Capital

Training and Development

Training and development forms a cornerstone of our efforts to build our human capital. The management continually assesses skill gaps and the Training & Development requirement is then driven by the results of the skill assessments to ensure staffs is skill and competent at regular intervals. During the year under review, the Company provided diverse training opportunities to employees in order to enhance their professional and technical skills.

On-the-job training is one of the key methods followed for training and development of our employees. Further, we have cross-trained our staff in order to empower them to operate in multiple divisions of the Company. Such development procedures have enhanced the flexibility of the Company and enabled it to leverage on skill utilisation and maximisation. In return, our employees have been given several opportunities for mobility across the Company and prominence has been given to career development prospects.

Training Programmes for Executives/Staff/Workers during the year:

- ▶ Staff training for Development of efficiency (National Institute of Plantation Management)
- ▶ Seminar for Executive Staff regarding Budget 2022 (Colombo Stock Exchange)

Capital Investments

The Company periodically undertakes capacity enhancements in systems, processes and infrastructure to maintain its competitiveness. During the period under review, several projects were embarked on:

- ▶ Rs. 7.5 Mn worth of Plant and Machinery add to Derangala Tea Factory
- ▶ Rs. 5.2 Mn worth of Plant and Machinery add to Hiniduma Tea Factory
- ▶ During the year Rs. 2.0 Mn was spend to repairs and additions to Buildings.



The Company considers Tea small Holders, Staff & Workers to be its key stakeholders and ensures that it remains closely engaged with these valued stakeholders. Its strong stakeholder engagement means that the Company understands the challenges faced by them and in turn has conducted a host of Corporate Social Responsibility (CSR) projects to benefit the stakeholders and uplift them:

Healthcare

The health and well-being of the Company's stakeholders is a pivotal concern and several projects are carried out every year to benefit them.

Educational and Other CSR Activities

- ▶ The Randalu Welfare Society has been formed for the improvement of quality standards for the welfare of all stakeholders in all four factories.
- ▶ Awareness Programmes on Tea Cultivation for the benefit of Tea Small Holders were held in all four factories.
- ▶ Keeping in mind the religious nature of our local communities, the Company understands that religion occupies an important part of its stakeholders' lives and therefore it facilitates this by organizing arms giving to monks.



Directors' Report

ANNUAL REPORT OF THE DIRECTORS OF KALUBOWITIYANA TEA FACTORY LIMITED ON THE AFFAIRS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31st March 2022

Nature of the Business

The principle activities of the Company are to carry on the business of treating, curing, preparing, processing and manufacturing tea leaf purchased from growers; and to cultivate, grow, manage and superintend tea plantations.

Performance of the Company

The review of the Company's business and its performance during the year which comments of the financial results are contained in the Financial Statements including the Auditors Report (attached herewith), which forms part of this Annual Report.

The accounting policies adopted in the preparation of the Financial Statements are given on pages 38 to 66 in the Notes to the Financial Statements.

Changes in the accounting policies

The accounting policies adopted by the Company have been consistently applied without any change from the previous years.

Entries made in the Interest Register

Entries made in the Interest Register are disclosed under the heading "Related Party Transactions" on page 58 in the Notes to the Financial Statements.

Remuneration and other benefits of Directors

The Directors' emoluments for the financial year ending 31st March 2022 is addressed in page 48 of the Notes to the Financial Statements.

Donations

Donations has not been paid for the financial year under review.

Directors of the Company

The directors of the Company during the financial year ended 31st March 2022 are as follows:

Mr. B.K. Aminda Umesh Rodrigo - Chairman
Mrs .W.A. Indranie Sugathadasa
Mrs. J.A.Thanuja Darshika Sarathkumara
Mr. D.M.M. Dissanayake
Mr. Don Upul Abeyesundera
Mr. W.K.B.T. Kumara Alwis
Mr. Jayantha Wijesinghe
Mr. R.C.D. Jayawardena

Auditor's fee

The auditor's fee has not been paid for the financial year under review.

Auditors interest in the Company other than as auditors

The Directors are satisfied that the auditors do not have any relationship or interest in the Company that would impair their independence.

Director

Director

Company Secretary

On this 17th day of August 2022.

Financial Reports

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Financial Highlights of Preceding Ten Years	66



Auditor's Report



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

PLA/F/KTFL/FS/01/2021/22/36

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

01st December 2022

Chairman
Kalubowitiyana Tea Factory Limited

Auditor General's report in terms of Section 12 of the National Audit Act No. 19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 March 2022 of Kalubowitiyana Tea Factory Limited.

1. Financial Statements

1.1 Qualified opinion

The audit of the financial statement of Kalubowitiyana Tea Factory Limited ("Company") for the year ended 31 March 2022 comprising the statement of financial position as at 31 March 2022 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018 and Finance Act No.38 of 1971. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution.

In my opinion, except for the effects of the matters described in the basis for qualified opinion of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for the qualified opinion

(a) Though it has been indicated that interest income should be separately disclosed in the Statement Cash Flow in terms of paragraph 31 of Sri Lanka Accounting Standard 07, out of the total interest income of Rs. 7,515,552 received during the year under review, only Rs. 5,739,106 was indicated in the Statement of Cash Flow and accordingly Rs. 1,776,466 had been under disclosed.

- (b) During the year under review property, plant and equipment of the company had been revalued at Rs. 343,017,568 and in terms of section 77 of Sri Lanka Accounting Standard 16, though matters relevant to (a) to (f) of the abovementioned paragraph including the effective date of the revaluation, whether an independent valuer was involved should be disclosed if items of property, plant and equipment are stated at revalued amounts, such disclosures had not been made.
- (c) In terms of paragraph 36 of Sri Lanka Public Sector Accounting Standard 16, though the entire class of property, plant and equipment to which that asset belongs shall be revalued If an item of property, plant and equipment is revalued, the revaluation of Derangala land had not been done in revaluing lands.
- (d) Though the Land Reform Commission had sent a letter on 23 September 2021 in order to enter into an agreement to obtain the land on which Hiniduma Hills Tea Factory belonging to the Commission on lease basis which had not been acquired even by the end of the year under review, In terms of paragraphs 27 and 86 of Sri Lanka Accounting Standard 37, no disclosure whatsoever had been made in regard to the relevant matter in financial statements.
- (e) Hiniduma Hills and Menikdiwela tea factories started under the Tea Shakthi Fund were transferred to Kalubowitiyana Tea Factory Limited respectively in 2012 and 2015 for operational activities and the Company had granted a loan of Rs. 50 million on 09 April 2015 due to the difficulties experienced in maintaining the Tea Shakthi Fund. Though approval had been granted in terms of cabinet decision No. CP/19/0743/117/024 dated 19 March 2019 to lawfully acquire the ownership of Hiniduma and Menikdiwela tea factories to the Company in lieu of the said amount and the interest, the ownership of factories had not been lawfully acquired even by the end of the year under review.
- (f) At the time of transferring the assets of Hiniduma Hills and Menikdiwela tea factories to the Company, the value of assets of the two factories other than the lands was Rs. 44,064,020 and though these assets other except for the buildings had been revalued and accounted during the year under review, without adjusting the



relevant share from the total loan of Rs. 50 million granted to the Tea Shakthi Fund to the said assets, the entire amount of loan had been stated under short term investments in the financial statements.

- (g) As per the valuation report No. MR11/LM/3574 dated 25 March 2021 issued by the Southern Province Valuation Office, though the market value of assets of Kalubowitiyana and Derangala tea factories as at 31 March 2019 had been taken into books having treated it as the revaluation amount of the year under review, a disclosure had not been made in that regard in financial statements in terms of paragraph 77 of Sri Lanka Accounting Standard 16.
- (h) Though 15 encroachers were residing during the period from 1989-1996 in the 3.31 hectare land whereon the Kalubowitiyana Tea Factory Limited was located which was valued and accounted at Rs. 23,000,00, no action had been taken even by the end of the year review to evict them.
- (i) Even though the Cost of Living allowance should be added to the basic salary in calculating the provident fund contribution, it was observed at the audit that as a result of the Employees Provident Fund contribution being computed by the company without taking into account the Cost of Living allowance up to the year 2017/2018, the EPF contributions in arrears from the year 2012/2013 to the year 2017/2018 to be credited to the EPF was Rs. 1,695,177 with a surcharge of Rs. 874,589 thereon and the company had not made an allocation for this expenditure in the financial statements of the year under review.
- (j) Action had not been taken by the end of the year under review to write off Receivable economic service charges amounting to Rs. 4,611,778 in respect of the valuation years 2016/2017 and 2019/2020 which cannot be offset against the payable income tax and had exceeded carrying forward period of 03 years and withholding tax amounting to Rs. 2,075,318 for the valuation years 2016/2017 and 2018/2019. Therefore the current assets had been overstated by that amount in the financial statements.
- (k) Though the balance in the People's Bank savings account had been Rs. 2,704,918 as at 31 March 2022, the interest income thereon had not been identified and accounted.
- (l) The value of finished tea stocks at Derangala, Hiniduma and Menikdiwela factories had been overstated respectively by Rs. 536,977, Rs. 807,543 and Rs. 159,404 in the financial statements and accordingly the total finished tea stock value had been overstated in accounts by Rs. 1,503,926.
- (m) Though Rs. 22,390,227 had been capitalized in financial statements as acquisition of plant, property and equipment during the year under review, acquisitions amounting to Rs. 15,043,639 had not been taken into the fixed assets register and the depreciation for this amount had not been accounted during the year.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other information contained in the Annual Report 2021/2022 of the Company

Other information means information, though included in the Annual Report 2021/2022 of the Company which is expected to be handed over to me after the date of this audit but not included in the financial statements and in my audit report thereon. Those charged with management shall be responsible for other information.

My opinion on the financial statements does not cover other information and I do not provide an assurance of any manner or express an opinion on it.

My responsibility in relation to my audit on financial statements is to read other information whenever available and to consider whether there are material inconsistencies between the financial statements or my knowledge gained otherwise and other information in doing so.

In reading the annual report 2021/2022 of the Company, if I concluded that there are material misstatements, such matters shall be communicated to those charged with management. If there still are misstatements which have not been corrected, they will be included in the report to be tabled in Parliament by me in due course in terms of Article 154(6) of the Constitution.

1.4 Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

1.5 Auditor's Responsibility in Auditing Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- ▶ Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.
- ▶ Evaluate the structure and content of the financial statements, including the disclosures, and whether the

financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. Report on other legal and regulatory requirements

2.1 Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018 and the Companies Act No. 7 of 2007.

2.1.1 In terms of the requirements of section 162(2) (d) of the Companies Act No. 7 of 2007 and section 12 (a) of the National Audit Act No. 19 of 2018, except for the effects of the matters described in the section on the 'Basis for the Audit Opinion' of this report, I obtained all information and explanations required for the audit and as far as it appears from my inspection, the Company had maintained proper financial reports.

2.1.2 The financial statements of the Company are in compliance with the requirements indicated in section 151 of the Companies Act No. 7 of 2007.

2.1.3 In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements presented by the Company are consistent with the preceding year.

2.1.4 In terms of the requirement indicated in Section 6(1) (d) (iv) of the National Audit Act No. 19 of 2018, other than the observations indicated in paragraphs 1.2 (d), (j), 2.2.4. 3 (b), (c), (i) of this report, the recommendations made by me in the previous year have been included in the submitted financial statements.

2.2 On the basis of the procedures followed and evidence obtained and being restricted within the material matters, nothing that warrants the making of the following statements did not come to my attention.

2.2.1 In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether any member of the governing body of the Company has any interest, direct or otherwise, outside normal business status in any contract entered into by the Company.

2.2.2 In terms of the requirement of section 12 (f) of the National Audit Act No. 19 of 2018, other than the following observations, whether the Company has not complied with any applicable written law, or other general or special directions issued by the governing body of the Company;





Table - 14

Reference to Laws, Rules, Regulations, etc.	Observations
Public Enterprises Circular No: PED/12 and dated 02 June 2003	
(i) Section 8.2.2	Even though the approval of the Minister of Finance and the relevant Minister should be obtained in investing funds, the Company had invested Rs. 110,119,465 in short term deposits as at 31 March 2022 without obtaining the required approvals.
(ii) Section 9.14	Although a procedural manual should be prepared for obtaining the approval of the Secretary to the Treasury to formulate rules for Human Resource Management the Company had not acted accordingly.

2.2.3 In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the Company has not performed according to its powers, functions and duties, except for the following observations.

2.2.4 In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

3. Other audit observations

- From the year 2009, a sum of Rs. 798,461 was due to the company from a private tea broker institution had been carried forward and the Company had not taken action to recover the amount even by the date of the audit.
- Action had not been taken even by the end of the year under review to recover trade and other receivable balances respectively of Rs. 1,626,269 and Rs. 1,408,881 which had been carried forward from years 2017 and 2018 and to settle the e balances payable to trade creditors amounting to Rs.1,582,797 carried forward for more than five years.
- Cancellation of cheques and PAYE payments amounting respectively to Rs. 903,380 and Rs. 59,344 had been included in the accrued expenses account for over a period of four years and no action had been taken for settlement even by the end of the year under review.
- A sum totaling Rs. 3,710,375 payable to the Tea Shakthi Fund and two other private companies for a period exceeding 05 years had been accounted and no action had been taken even by the end of the year under review to settle the amount. The relevant institutions not laying claims to this money is observed as contentious.
- The company had failed to recover even by the year of the year under review the deposit of Rs. 1,440,000 made in obtaining the building in which the head office of the company was maintained on rent basis for the

period from 2013 to 08 September 2020, even though the head office had been shifted to another building.

- Action had not been taken even by the end of the year under review to settle receivable balances of Rs. 949,020 which had not been set off against the advances given to green leaf suppliers of Hiniduma Hills Tea Factory which had been carried forward for more than 03 years.
- A loan amounting to Rs. 10,000,000 had been granted to the BCC Lanka Company in the year 2003 at an interest rate of 22 percent on the basis of recovering in 12 installments, and the principal sum was paid back on 22 June 2022 and the interest of Rs. 51,118,341 recoverable as at the end of the year under review had not been recovered up to November 2022.
- The bank reconciliation statements of Derangala tea factory had not been properly prepared and in reconciling account balances as per the monthly account reports and bank account statements a difference is shown in balances in every month and as at 31 March 2022 such difference was Rs. 657,941.
- Transferring the Hiniduma Hills and Menikdiwela tea factories founded by the Tea Shakthi Fund for production activities, it had been notified by Cabinet decision No: CP/19/0743/117/024 and dated 19th March 2019 that the Company should take all possible measures to maintain the two factories profitably without being charged to the Treasury. The two factories continued to be unprofitable since being transferred to the company in the year 2015 up to the end the year under review and though the annual loss of the two factories had declined by 6 percent compared to the previous year, the cumulative loss as at the end of the year under review was Rs. 131,185,760.

W.P.C. Wickremaratne

Auditor General



Kalubowitiyana Tea Factory Limited

Statement of Profit/(Loss) and Other Comprehensive Income

Table - 15

For the year ended 31st March Kalubowitiyana Tea Factory Limited	Note	2021/2022 Rs.	2020/2021 Rs.
Revenue	03	1,041,133,241.45	1,175,716,247
Cost of sales	04	(1,026,129,751.47)	(1,158,860,304)
Gross profit		15,003,489.99	16,855,944
Other operating income	05	20,003,552.09	15,240,381
Profit before operating expenses		35,007,042.08	32,096,325
Administration expenses	06	(36,911,494.02)	(43,913,954)
Selling and distribution expenses	07	(247,805.00)	(646,595)
Profit from operating activities		(2,152,256.94)	(12,464,224)
Finance income	08.1	8,475,018.69	11,508,748
Finance expenses	08.2	(9,087,533.99)	(14,189,484)
Net finance income		(612,515.30)	(2,680,735.66)
Net profit before taxation		(2,764,772.24)	(15,144,959.44)
Taxation	09	(4,533,979.64)	1,001,557
Net profit after taxation		(7,298,751.88)	(14,143,402.89)
Earnings per share	10.1	(1.58)	(3.07)
Net Profit After Taxation		(7,298,751.88)	(14,143,403)
Revaluation of Property plant & Equipment		210,342,260.30	
Actuarial Gain/(Losses) on Retirement Benefits		2,261,866.00	(4,425,522)
Deferred Tax Gain/(Loss)		(316,661.24)	(619,573)
Total Comprehensive Income for the year		204,988,713.18	(19,188,498)

Notes on pages 42 to 46 form an integral part of these Financial Statements.

Kalubowitiyana Tea Factory Limited

Statement of Financial Position



Table - 16

As at 31st March Kalubowitiyana Tea Factory Limited	Note	2021/2022 Rs.	2020/2021 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	11	408,932,314.17	168,505,013
Biological assets	12	7,515,076.43	6,098,449
Total non-current assets		416,447,390.60	174,603,462
Current assets			
Inventories	13	174,032,240.16	149,056,716
Loan receivable from BCC Lanka limited		61,118,341.85	58,382,429
Trade and other receivables	14	96,482,876.69	59,974,107
Income tax receivable	25	6,687,095.25	6,687,095
Short term investment	15	160,388,652.71	159,715,975
Cash and cash equivalents	16	6,064,538.63	9,936,407
Total current assets		504,773,745.29	443,752,730
Total assets		921,221,135.89	618,356,191
EQUITY AND LIABILITIES			
Equity			
Stated capital	17	46,375,070.00	46,375,070
Reserves	18	597,164,858.85	373,451,742
Total equity		643,539,655.85	419,826,812
Non-Current Liabilities			
Retirement benefit obligation	19	23,837,759.42	23,643,061
Loans and borrowing	20	-	6,027,778
Deferred tax liability	23	44,910,997.46	5,450,383
Total non-current liabilities		68,748,756.88	35,121,222
Current Liabilities			
Trade and other payables	21	126,054,489.72	83,499,047
Loans and borrowing	20	6,027,778.19	16,933,333
Bank overdrafts	22	76,850,455.25	62,975,778
Total current liabilities		208,932,723.16	163,408,158
Total equity and liabilities		921,221,135.89	618,356,191

Notes on pages 42 to 46 form an integral part of these Financial Statements.

We certify that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No.7 of 2007.

Managing Director

Manager Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed on behalf of the Board of Directors.

Chairman

15th August 2022
Colombo.

Director



Kalubowitiyana Tea Factory Limited

Statement of Changes in Equity

Table - 17

For the year ended 31st March 2022 Kalubowitiyana Tea Factory Limited	Stated Capital Rs.	General Treasury Rs.	Capital Reserves Rs.	Retained Profit Rs.	Total Rs.
Balance as at 01st April 2020	46,375,070.00	-	600,000.00	394,854,945.18	441,830,015.18
Recognised payable as per legal case				(2,814,705.00)	(2,814,705.00)
Net profit for the year	-	-	-	(14,143,402.89)	(14,143,402.89)
Other comprehensive income				(5,045,095.58)	(5,045,095.58)
Balance as at 01st April 2021	46,375,070.00	-	600,000.00	372,851,741.71	419,826,811.71
Write-off – Non-moving balance from Giragama State				(1,046,770.96)	(1,046,770.96)
Accrued expenses of Lalan Engineering				1,566,001.92	
Net profit for the year	-	-	-	(7,298,751.88)	(7,298,751.88)
Other comprehensive income				212,287,465.06	212,287,465.06
Deferred tax on revaluation gain					
Balance as at 31st March 2022	46,375,070.00	-	600,000.00	578,359,685.85	623,768,753.93

Notes on pages 42 to 46 form an integral part of these Financial Statements.

Kalubowitiyana Tea Factory Limited

Statement of Cash Flows



Table - 18

For the year ended 31st March Kalubowitiyana Tea Factory Limited	Note	2021/2022 Rs.	2020/2021 Rs.
Cash from operating activities			
Net profit/(loss) before taxation		(2,764,772.24)	(15,144,959)
Adjustments for:			
Recognised payable as per legal case		-	(2,814,705)
Payable written back		1,566,001.92	-
Receivables written-off		(1,046,771.96)	-
Depreciation		28,499,468.49	32,674,793
Provision for retirement benefit costs		4,503,132.00	4,120,319
ESC written-off		-	5,063,958
Interest income		(8,475,019.69)	(11,508,748)
Depreciation of biological assets		104,845.58	104,845
Bad and doubtful debts		121,236.48	173,625
Interest expenses		9,087,534.99	14,189,484
Operating profit/(loss) before working capital changes		31,595,655.57	26,858,612
(Increase)/Decrease in inventory		(24,975,524.09)	15,207,775
(Increase)/Decrease in trade & other receivables		(36,630,006.49)	(36,643,273)
Increase/(Decrease) in trade & other payables		42,555,443.88	21,439,049
Cash generated from/(used in) operations		12,545,567.88	26,862,163
Gratuity paid		(2,046,568.00)	(1,178,573)
Tax paid		-	(901,763)
Interest paid		(9,087,534.99)	(14,189,484)
Net cash from/(used in) operating activities		1,411,465.89	10,592,344
Cash flows from/(used in) investing activities			
Acquisition of property, plant & equipment		(22,396,577.17)	(8,084,250)
Investment in capital work in progress		(1,577,957.00)	-
Acquisition of biological assets		(1,521,473.50)	(1,333,382)
Interest received		5,739,106.29	12,164,564
Net changes in financial assets		(672,678.63)	6,720,234
Net cash from/(used in) investing activities		(20,429,578.01)	9,467,165
Net cash from/(used in) finance activities			
Repayment of loans & borrowings		(16,933,333.08)	8,397,844
Grant to General Treasury		18,204,900.00	-
Net cash flows from/(used in) finance activities		1,271,567.92	8,397,844
Net increase/(decrease) in cash & cash equivalents		(17,746,546.20)	28,457,353
Cash & cash equivalents at the beginning of the year		(53,039,371.66)	(81,496,724)
Cash & cash equivalents at the end of the year	16	(70,785,917.86)	(53,039,371)



Notes to the Financial Statements – Accounting Policies

1. Reporting Entity

1.1 Corporate Information

Kalubowitiyana Tea Factory Limited is a Limited Liability Company incorporated on 30th September 1992 under the Companies Act No. 17 of 1982 and then re-registered under the new Companies Act No. 7 of 2007, on 16th June 2009 and domiciled in Sri Lanka.

The registered office of the Company is located at No. 53, Rathnayaka Mawatha, Pelawatta, Battaramulla.

1.2 Principal Activities and the Nature of Operations

The principal activities of the Company are cultivation, manufacturing and sale of tea from tea leaf purchased from growers and from own estates.

1.3 Directors

The Directors present herewith the audited financial statements for the year ended 31st March 2022. The Directors are responsible for preparing and presenting these financial statements.

The Directors of the Company as at 31st March 2022 were,
Mr. B. K. Aminda Umesh Rodrigo – (Chairman)

Mrs. W. A. Indrani Sugathadasa

Mr. H. Hemal Kasthuriarachchi

Mrs. J. A. T. D. S. Kumara

Mr. Don Upul Abeyesundera

Mr. W. K. B. T. Kumara Alwis

Mr. Jayantha Wijesinghe

Mr. R. C. D. Jayawardena

Mrs. D. M. M. Dissanayake

1.4 Company Secretaries

RNH Holdings (Pvt) Ltd.
RNH House, No. 622 B,
Kotte Road, Kotte.

1.5 Registered Office

No. 53,
Rathnayaka Mawatha,
Pelawatta,
Battaramulla.

1.6 Auditors

Auditor General.
National Audit Office
No. 306/72,
Polduwa Road,
Battaramulla.

1.7 Date of Authorisation for Issuing Financial Statements

The financial statements of Kalubowitiyana Tea Factory Ltd, for the year ended 31st March 2022 were authorized for issue by the directors on 25th of June 2022.

2. General Policies

2.1 Basis of Preparation

The financial statements of Kalubowitiyana Tea Factory Ltd comprise the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity, accounting policies and notes to the financial statements. These financial statements have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS and SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka.

2.2 Basis of Measurement

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes. Assets and liabilities are grouped by nature and in an order that reflect their relative liquidity.

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are included in notes to the financial statements.

2.3 Taxation

(a) Current Tax

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto.



(b) Deferred Tax

Deferred Tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for the financial reporting purpose and amounts used for tax purpose. Deferred tax is measured at the tax rate that is expected to apply to temporary differences when they are reversed, based on the laws that have been enacted by the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which such timing difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.4 Valuation of Assets and their Bases of Measurement

2.4.1 Property, Plant and Equipment

Property, plant and equipment are stated at cost or fair value less accumulated depreciation and any accumulated impairment in value. The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value. Revaluations are done with sufficient regularity. When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of comprehensive income, in which case the increase is recognized in the statement of comprehensive income. Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense.

Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings. Items of property, plant and equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the statement of comprehensive income in the year the asset is derecognized.

(a) Depreciation

Provision for depreciation is calculated by using the straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic lives of such assets. The estimated useful lives of assets are as follows:

Table – 19

Asset category	Years
Buildings	20
Water and electricity	20
Motor vehicles	4
Plant and machinery	8
Equipment	8
Furniture and fittings	8
Computer equipment	8
Roads	10
Others	8
Biological Assets (Tea)	30

Freehold land is not depreciated as it is deemed to have an indefinite life.

The useful life and residual value of assets are reviewed, and adjusted if required, at the end of each financial year.

(b) Restoration Cost

Expenditure incurred in repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognised as an expense when incurred.

2.4.2 Biological Assets

The entity recognizes the biological assets, on cost basis. Biological asset of the company comprise of the tea bushes in Kalubowitiyana & Derangala Factories. The Company recognizes Plants up to 3 years as immature and Tea bushes more than 3 years as matured.



2.4.3 Financial Assets (Non-derivative)

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

For the purpose of classification of financial assets the assessment of the company's financial asset was made as of the date of initial application, 1 April 2020, and then applied retrospectively to those financial assets that were not derecognized before 1 April 2020. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The classification and measurement requirements of SLFRS 9 did not have a material impact on the company's results and financial position, therefore the company has not restated comparative information for prior periods.

The Company has the following financial assets (non-derivative):

- ▶ Loans and receivables
- ▶ Cash and cash equivalents

(a) Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

(b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a Component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents comprise cash in hand and deposits at bank. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the statement of cash flows, which has been prepared using the indirect method.

2.4.4 Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables at collective level. All receivables with similar risk characteristics are grouped together and collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit or loss.



2.4.5 Inventories

Inventories comprise processed, unprocessed and semi-processed agricultural produce, and other consumables. Processed, Unprocessed and semi-processed agricultural produce at the end of the financial period is considered as fully processed agricultural produce and is measured at net realizable value.

Other consumables are measured at lower of cost or net realizable value. When the inventories are sold, the Company recognizes the carrying amount of those inventories as an expense in the period in which the related revenue is recognized.

2.5 Liabilities and Provisions

Liabilities are recognized in the statement of financial position when there is a present obligation arising from past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the financial position date are treated as current liabilities in the statement of financial position. Liabilities payable after one year from the financial position date are treated as non-current liabilities in the statement of financial position.

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits for which a reliable estimate could be made is required to settle the obligation.

2.5.1 Retirement Benefit Obligations

(a) Defined Benefit Plan – Gratuity

A full provision has been made on account of retiring gratuity from the first year of employment in conformity with the Sri Lanka Accounting Standard No.19- 'Retirement Benefits' according to the actuarial valuation.

The key assumptions used in determining the retirement benefit obligations include the followings:

Disability: 10% of the Mortality Table

Staff Turnover Rates: 1.00% across the board up to age 54 and thereafter zero.

Normal Retirement Age: 60 years (The employee who are aged over the specified retirement age have been assumed to retire on their respective next birthday).

Rate of Discount: 8.00% p.a.

Salary Escalation Rates: Basic Salary: Staff: 8.00% p.a.; Increments are due every year in the Month specified in the data.

Basic Salary: Daily paid workers: 8.00% p.a.; with next increment due in April 2021.

Allowances: N/A

Retiring Gratuity Formula: Staff: Half month's Salary plus Allowances for each completed year of service for those with at least 5 years' service.

Daily paid workers: 14 days wages for each completed year of service for those with at least 5 years' service.

(b) Defined Contribution Plan – Employees' Provident Fund and Employees' Trust Fund

Employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations.

2.6 Statement of Comprehensive Income

2.6.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of sales discounts and sales taxes.



(a) Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer with the Company retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses. Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

Any losses arising from guaranteed rentals are accounted for in the year of incurring the same. A provision is recognized if the best estimate indicates a loss.

(c) Interest Income

Interest income is recognized on accrual basis using effective interest method (EIR).

(d) Other Income

Other income is recognized on an accrual basis.

2.6.2 Expenditure Recognition

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the statement of comprehensive income. For the purpose of presentation of the statement of comprehensive income, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Company’s performance.

2.7 Basic Earnings/(Loss) Per Share

The Company presents Basic Earnings/ (Loss) Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

2.8 Comparatives Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter-period comparability. When the presentation or classifications of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

2.9 Events Occurring after the Reporting Date

All material post events of statement of financial position have been considered, and where appropriate adjustments or disclosures have been made in respective notes to the financial statements.

Notes to the Financial Statements



3. Revenue

Table – 20

For the year ended 31st March Kalubowitiyana Tea Factory Limited	Note	2021/2022 Rs.	2020/2021 Rs.
Revenue	31.1		
Gross sales		997,891,707.96	1,139,955,390
Less: Brokerage and sales expenses		(13,517,069.22)	(15,651,168)
		984,374,638.74	1,124,304,222
Add: Local sales		56,758,602.71	51,412,025
Total		1,041,133,241.45	1,175,716,247

4. Cost of Sales

Table – 21

For the year ended 31st March Kalubowitiyana Tea Factory Limited	Note	2021/2022 Rs.	2020/2021 Rs.
Cost of sales	31.2		
Green leaf purchases		746,218,904.10	857,319,773
Production cost		199,027,577.17	196,671,417
Production overheads		91,154,926.47	87,361,385
Cost of manufacturing		1,036,401,407.74	1,141,352,575
Movement in finished goods			
Balance as at the beginning of the year		126,677,496.98	144,185,225
Balance as at the end of the year		(136,949,153.26)	(126,677,497)
Cost of sales		1,026,129,751.47	1,158,860,304

5. Other Income

Table – 22

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Sundry income	20,003,552.09	15,240,381
Profit on disposal of property, plant and equipment	-	-
Written off		
Total	20,003,552.09	15,240,381



6. Administration Expenses

Table – 23

For the year ended 31st March Kalubowitiyana Tea Factory Limited	Note	2021/2022 Rs.	2020/2021 Rs.
Directors' remuneration and staff cost	6.1	18,024,157.37	19,939,107
Travelling, subsistence and vehicle hire	6.2	3,193,151.87	3,098,713
Maintenance expenses – Equipment and vehicles	6.3	4,099,116.29	2,723,108
Professional fees	6.4	2,115,170.75	2,014,412
Insurance and license fees	6.5	1,800,373.65	1,321,961
Printing stationery and postage	6.6	874,495.62	1,065,497
Other administration expenses	6.7	6,805,028.47	13,751,156
Total		36,911,494.02	43,913,954

6.1 Directors' Emoluments and Staff Cost

Table – 24

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Staff salaries	9,749,663.12	11,340,940
Gratuity	845,204.00	951,456
Allowances	4,303,090.26	4,161,156
Overtime and holiday payments	236,632.49	303,986
Employee's Provident Fund Contributions	1,421,060.26	1,439,469
Employee's Trust Fund Contributions	349,323.74	365,412
Bonus	164,050.00	294,000
Board member fees	637,500.00	501,500
Staff welfare	317,633.50	581,189
Total	18,024,157.37	19,939,107

6.2 Traveling, Subsistence and Vehicle Hire

Table – 25

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Travelling and subsistence	1,176,843.91	1,253,851
Hire charges	2,016,307.96	1,844,862
Total	3,193,151.87	3,098,713



6.3 Maintenance of Office Building, Equipment and Vehicles

Table - 26

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Office building maintenance	96,919.50	112,248
Office equipment maintenance	911,462.33	227,723
Motor vehicles maintenance	952,616.47	863,703
Vehicle fuel cost	2,138,117.99	1,519,435
Total	4,099,116.29	2,723,108

6.4 Professional Fees

Table - 27

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Audit fee	612,000.00	1,203,300
Other professional fees	1,169,747.02	548,188
Secretarial fees	333,423.73	262,924
Total	2,115,170.75	2,014,412

6.5 Insurance and Licence Fees

Table - 28

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Insurance and License Fees	146,476.85	68,567
Staff Insurance	1,653,896.80	1,253,395
Total	1,800,373.65	1,321,961

6.6 Printing, Stationery and Postage

Table - 29

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Printing	320,000.00	118,888
Postage	49,360.00	42,201
Stationery	505,135.62	904,408
Total	874,495.62	1,065,497



6.7 Other Administration Expenses

Table – 30

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Legal fees	397,500.00	246,810
Depreciation	1,153,586.34	2,747,044
Donations	-	-
Telephone	893,353.05	926,630
Newspapers and periodicals	-	440
Rent	1,680,000.00	2,031,400
Electricity	937,116.70	634,799
News paper advertisements	182,210.60	285,536
Other utilities and services	1,078,238.06	1,312,920
Supplies and requisitions – others	23,362.24	158,345
Staff training	25,200.00	33,000
Stamp duty	13,225.00	11,650
MIS fee	300,000.00	125,000
Written off WHT/ESC	-	5,063,958
Bad and doubtful debts	121,236.48	173,625
Total	6,805,028.47	13,751,156

7. Selling and Distribution Expenses

Table – 31

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Trade fair and exhibition	-	-
Entertainment	147,805.00	646,595
Registration fees	100,000.00	-
New project expenses	-	-
Advertising	-	-
Total	247,805.00	646,595

8. Net Finance Income

8.1 Finance Income

Table – 32

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Fixed deposit interest	5,640,599.81	8,437,331
Treasury bill interest	20,481.56	11,620
Staff loan interest	78,024.92	140,426
Savings account interest	-	183,459
BCC Lanka Limited loan interest	2,735,912.40	2,735,912
Total	8,475,018.69	11,508,748



8.2 Finance Expenses

Table - 33

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Bank charges	436,470.55	485,256
Overdraft interest	6,084,629.79	9,358,767
Bank loan interest	1,135,267.13	1,298,624
Short term loan interest	1,431,166.52	3,046,837
Total	9,087,533.99	14,189,484
Net finance income	(612,515.30)	(2,680,736)

9. Taxation

The Company in terms of section 48 (A) of the Inland Revenue Act No 10 of 2006 as amended by the amendment Act No 22 of 2011, profits & Income from agricultural undertaking referred to in section 16 of the Inland Revenue Act is liable at the rate of 14% as per the first schedule to this Act .Other profits are liable at normal rates.

9.1 Current Tax Expenses

Table - 34

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Current year	-	-
Under/(Over) provisions of Income tax in previous year	-	-
	-	-

9.2 Reconciliation between Accounting Profit to Income Tax

Table - 35

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Accounting Profit/(loss) before Taxation	(2,764,772.24)	(15,144,959)
Income from other sources & exempt Income	(33,069,756.12)	(33,739,578)
Aggregate Disallowable Items	33,376,486.55	42,784,135
Adjusted Profit/(Loss) from the Business	(2,458,041.81)	(6,100,402)
Income from other sources	-	-
Total Statutory Income	-	-
Sec 32 Deductions	-	-
Qualifying payments	-	-
Taxable Income	-	-
Tax on Agricultural Activities 14%	-	-
Tax on Other Income 28%	-	-
Deemed Divident Tax	-	-
Deferred tax expenses		
Deferred tax charged/(Reversal)	(4,533,979.64)	(1,001,557)
Total tax expense	(4,533,979.64)	(1,001,557)



10. Earnings per Share/Dividend per Share

10.1 Earnings per Share

The basic earnings per share is based on profits attributable to the ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year calculated as follows:

Table - 36

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Net profit for the year	(7,298,752)	(14,143,403)
Weighted average number of shares	4,637,507	4,637,507
Basic earnings per share	(1.57)	(3.05)

10.2 Dividend per Share

Table - 37

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Dividend for the Year	-	-
Number of Shares	4,637,507	4,637,507
Dividend per Share	-	-

11. Property, Plant and Equipment

	Free Hold Land Rs.	Buildings Rs.	Plant and Machinery Rs.	Factory Equipment Rs.	Computer Equipment Rs.
Cost					
Cost as at 01st April 2021	4,605,690.64	275,793,673.23	288,622,664.06	11,221,317.57	12,913,258.75
Additions	-	2,011,180.76	17,381,200.00	1,363,398.88	589,426.48
Surplus on revaluation	18,994,309.36	108,434,696.17	93,069,010.25	4,060,662.59	(1,809,781.85)
Disposals	-	-	-	-	-
Transfer	-	-	-	-	-
Cost as at 31st March 2022	23,600,000.00	386,239,550.16	399,072,874.31	16,645,379.04	11,692,903.38
Accumulated depreciation					
Accumulated depreciation as at 01st April 2021	-	174,822,832.56	243,638,105.86	9,343,845.16	8,613,366.24
Current year depreciation	-	11,633,300.54	13,096,601.13	646,077.98	953,562.59
Disposals	-	-	-	-	-
Accumulated depreciation as at 31st March 2022	-	186,456,133.10	256,734,706.99	9,989,923.14	9,566,928.83
Net book value as at 31st March 2022	23,600,000.00	199,783,417.06	142,338,167.31	6,655,455.89	2,125,974.54
Work-in-progress					
Total					



Table - 38

Office Equipment Rs.	Furniture and Fittings Rs.	Tools Rs.	Motor Vehicles Rs.	Other Rs.	Total Rs.
3,200,892.07	9,382,328.86	855,851.80	29,089,395.02	13,245,632.17	648,930,704.17
	-	-	-	1,045,021.33	22,390,227.45
518,901.50	1,893,245.90	268,223.30	21,769,999.99	(2,240,683.13)	244,958,584.07
-	-	-	-	-	-
-	-	-	-	-	-
3,719,793.57	11,275,574.76	1,124,075.10	50,859,395.01	12,049,970.37	916,279,515.69
2,816,915.76	7,616,443.61	786,917.90	29,089,394.81	6,226,983.17	482,954,805.06
150,479.64	481,327.64	32,108.70	-	1,506,010.26	28,499,468.49
-	-	-	-	-	-
2,967,395.40	8,097,771.25	819,026.60	29,089,394.81	7,732,993.43	511,454,273.56
752,398.17	3,177,803.51	305,048.49	21,770,000.20	4,316,976.94	404,825,242.13
					4,107,071.74
					408,932,313.87



12. Biological Assets

Table – 39

For the year ended 31st March Kalubowitiyana Tea Factory Limited	Note	2021/2022 Rs.	2020/2021 Rs.
At the beginning of the year	12.1	6,098,448.51	4,869,911
Additions during the year		1,521,472.50	1,333,382
Current year depreciation		(104,844.58)	(104,845)
At the end of the year		7,515,076.43	6,098,449

12.1 Biological Assets

Table – 40

For the year ended 31st March Kalubowitiyana Tea Factory Limited	Immature Plantation Rs.	Mature Plantation Rs.	Total Rs.
Cost			
Cost as at 1st April 2021	-	3,145,337.47	3,145,337.47
Additions	4,773,261.82	-	4,773,261.82
Disposals	-	-	-
Transfer	-	-	-
Cost as at 31st March 2022	4,773,261.82	3,145,337.47	7,918,599.29

Table – 41

For the year ended 31st March Kalubowitiyana Tea Factory Limited	Free Hold Land Rs.	Free Hold Land Rs.	Total Rs.
Accumulated depreciation			
Accumulated depreciation as at 1st April 2021		298,678.28	298,678.28
Current year depreciation		104,844.58	104,844.58
Disposals	-	-	-
Accumulated depreciation as at 31st March 2022	-	403,522.86	403,522.86
Net book value as at 31st March 2022	4,773,261.82	2,741,814.61	7,515,076.43

13. Inventories

Table – 42

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Food and beverages	4,528,041.18	2,839,461
Finished goods	142,854,159.15	126,677,497
Consumables stocks	470,957.17	963,422
General and other	26,179,082.66	18,576,337
Total	174,032,240.16	149,056,716



14. Trade and Other Receivables

Table – 43

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Trade debtors	41,960,421.16	31,839,202
Staff debtors	1,170,958.28	1,593,754
Deposits	11,924,329.34	6,895,829
Advances and prepayments	40,694,228.81	17,762,483
Non-moving balances	2,424,729.51	3,472,509
Other debit balances	154,241.35	135,125
	98,328,908.45	61,698,902
Less: Provision for bad debts	(1,846,031.76)	(1,724,795)
Total	96,482,876.69	59,974,107

15. Short Term Investment

Table – 44

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Treasury bills	269,187.00	261,402
Fixed deposits – People's Bank	97,405,342.80	97,940,451
Fixed deposits (Gratuity investment) – People's Bank	7,364,122.91	7,364,123
Tea Shakthi Fund*	50,000,000.00	50,000,000
Short term investments – ISA	5,350,000.00	4,150,000
Total	160,388,652.71	159,715,975

* This amount of Rs. 50 Mn. given to Tea Shakthi Fund as a Loan/Lease. Relevant Agreement with the Tea Shakthi Fund has not been finalised.

16. Cash and Cash Equivalents

Table – 45

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
People's Bank Account No. 204100140084885 – Headquarters	25,000.00	25,250
People's Bank Account No. 204100130084961 – Headquarters	25,000.00	25,000
People's Bank Account No. 204100140084911 – Headquarters	2,883,998.88	5,802,768
People's Bank Account No. 060100110000681 – Morawaka	325,563.34	406,272
People's Bank Account No. 060100100000592 – Morawaka	17,000.00	156,263
Bank of Ceylon Account No. 0006065711 – Neluwa	91.55	-
Bank of Ceylon Account No. 75958665 – Pelawatta	25,000.00	25,000
Bank of Ceylon Account No. 205604 – Thawalama	57,966.47	39,368
People's Bank Account No. 256100110021039 – Pilimathalawa	-	-
Cash in hand	-	155
Cash in transit	-	811,411
Savings Accounts – People's Bank	2,704,918.39	2,644,918
Total	6,064,538.63	9,936,407



Unfavourable Cash and Cash Equivalents

Table – 46

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Bank overdraft	(76,850,455.25)	(62,975,778)
Total cash and cash equivalents for the purpose of Cash Flow Statements	(70,785,916.62)	53,039,371

17. Stated Capital

Table – 47

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Issued and fully paid		
4,637,507 numbers ordinary shares	46,375,070.00	46,375,070
Total	46,375,070.00	46,375,070

18. Reserves

Table – 48

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Grant – General Treasury	18,204,900.00	-
Capital reserves	600,000.00	600,000
Profit and loss account	578,359,685.85	372,851,742
Total	597,164,585.85	373,451,742

19. Retirement Benefit Obligation

Table – 49

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Movement in the present value of defined benefit obligation		
At the beginning of the year	23,643,061.42	16,275,792
Current service cost	2,611,687.00	2,492,740
Interest cost	1,891,445.00	1,627,579
Actuarial gain/Loss	(2,261,866.00)	4,425,522
Prior year adjustments		
Payments during the year – In cash	(2,046,568.00)	(1,178,573)
Payable		
At the end of the year	23,837,759.42	23,643,061



20. Loan Borrowings – Peoples' Bank

Table – 50

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Balance beginning of the year	22,961,111.27	14,563,267
Loans obtained during the year	-	18,500,000
Repayment during the year	(16,933,333.08)	10,102,156
Balance of the year	6,027,778.19	22,961,111
Long term borrowings – Peoples' Bank		6,027,778
Short term borrowings – Peoples' Bank	6,027,778.19	16,933,333
	6,027,778.19	22,961,111

21. Creditors and accrued charges

Table – 51

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Bought Leaf Suppliers	47,247,365.13	36,776,933
Trade Creditors	28,655,417.67	11,148,254
Service Contractors	3,329,742.74	3,037,979
Staff Creditors	4,650,477.18	2,899,706
Accrued Expenses	37,713,812.76	27,696,310
Unclaimed Balances	1,354,124.83	1,900,137
Other Credit Balances	3,103,549.41	39,729
Total	126,054,489.72	83,499,047

22. Bank Overdrafts

Table – 52

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
People's Bank Account No.204100140084885	76,850,455.25	62,973,870
Bank of Ceylon Neluwa 000606571	-	1,908
Total	76,850,455.25	62,975,778

23. Deferred Tax Liability/(Asset)

Table – 53

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
At the beginning of the year	5,450,382.53	5,832,366
Transferred to/(from) Income Statement	39,460,614.93	(381,983)
At the end of the year	44,910,997.46	5,450,383



24. Income tax payable/Receivable

Table – 54

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Balance as at the beginning of the year	(6,687,095.25)	(10,849,290)
Provision for the Year	-	-
	(6,687,095.25)	(10,849,290)
Payments for the Previous Year		
Payments for the Year		
Gross		
	(6,687,095.25)	(10,849,290)
Tax credits		
Economic service charge		4,773,471
With holding tax		(611,276)
Net payable/(Refundable)	(6,687,095.25)	(6,687,095)

25. Capital Commitments

There is no Capital expenditure commitment at the balance sheet date.

26. Contingencies

Pending Legal Cases

- A labour case has been filed (Case No. LT/KP/34/19/07) by Mr. L. S. Wijayamanna at Kotapola Labour Tribunal against the Company pleading the courts to reinstate him at his duties stating his dismissal from the service is unfair. The Company has made an appeal at High Court Matara (Case No. HC/AP/232/2019)
- A labour case has been filed (Case No. LT/KP/34/06/2018) by Mr. H. C. L. P. Heendeniya at Kotapola Labour Tribunal against the company pleading for his retirement.
- A case has been filled (Case No. 5186/M and Case No. 5187/M) by Mr. H. P. S. Jeewaka Perera at District Court, Kaduwela against the Company for not paying the balance payment for the construction carried out at Manikdewela Tea Factory.

27. Events After the Reporting Date

Total loan Receivable from BCC Lanka Ltd. is Rs. 61,118,341.85. BCC Lanka Ltd has settled the capital amount of Rs. 10 Mn a cheque bearing cheque No. 481002 on 08th August 2022. Further as per their letter dated 22nd June 2022 they expected to come to an amicable solution with regard to the interest of Rs. 51,118,341.85.

28. Related Party Disclosures

Transactions with the related parties in the ordinary course of business carried out on an arm's length basis.

28.1 Transactions with Key Management Personnel (KMP)

KMPs are persons who have authority and responsibility directly or indirectly for planning, directing and controlling the activities of the Company.

The KMP of the Company comprise of the Board of Directors of the Company.



28.1.1 The compensation of KMPs are disclosed in the note 6 to the accounts.

28.1.2 No loans were given to KMPs during the Year.

28.1.3 The shareholdings of the KMPs together with their close family members – None.

28.1.4 The names of the Directors of the Company, who are also directors of other companies – None.

28.2 Transactions with Close Family Members

Close family members are those who may be expected to influence or be influenced in their dealings with the Company.

There were no transactions with close family members during the year.

28.3 Dealing with Subsidiaries, Associates and Joint Ventures – None

29. Factory Segments

29.1 Sales

Table – 55

	Kalubowitiyana Factory Rs.	Derangala Factory Rs.	Hiniduma Hills Factory Rs.	Manikdiwela Factory Rs.	Sales Centre Rs.	Total Rs.
Gross sales	563,607,282.00	197,252,770.00	147,104,840.00	89,926,815.96		997,891,707.96
Less: Brokerage and sales expenses	(6,479,756.38)	(3,114,006.83)	(2,386,325.43)	(1,536,980.58)	-	(13,517,069.22)
	557,127,525.62	194,138,763.17	144,718,514.57	88,389,835.38	-	984,374,638.74
Add/Less – Inter factory transaction						-
Add: Local sales	21,642,605.85	6,382,258.04	3,923,049.00	6,320,531.82	18,490,158.00	56,758,602.71
Total	578,770,131.47	200,521,021.21	148,641,563.57	94,710,367.20	18,490,158.00	1,041,133,241.45

29.2 Cost of Sales

Table – 56

	Kalubowitiyana Factory Rs.	Derangala Factory Rs.	Hiniduma Hills Factory Rs.	Manikdiwela Factory Rs.	Sales Centre Rs.	Total Rs.
Bought leaf	416,161,361.77	148,723,791.37	110,011,318.00	71,322,432.96		746,218,904.10
Manufacturing cost						-
Production cost	79,554,106.95	42,996,665.76	33,461,748.61	30,122,246.34	12,892,809.51	199,027,577.17
General charges	33,498,729.95	21,120,669.11	14,946,477.31	17,957,714.03	3,631,336.07	91,154,926.47
	529,214,198.67	212,841,126.24	158,419,543.92	119,402,393.33	16,524,145.58	1,036,401,407.74
Add: Opening stock	59,276,319.90	30,719,791.20	24,418,236.64	10,984,858.61	1,278,290.63	126,677,496.98
Less: Closing stock	(58,803,889.88)	(37,082,395.35)	(21,808,413.71)	(18,923,517.38)	(330,936.94)	(136,949,153.26)
Total	529,686,628.69	206,478,522.09	161,029,366.86	111,463,734.56	17,471,499.27	1,026,129,751.47
Profit/(Loss)	49,083,502.78	(5,957,500.88)	(12,387,803.29)	(16,753,367.36)	1,018,658.73	15,003,489.98



Detailed Schedules to the Financial Statements

1. Trade and Other Receivables

1.1 Trade Debtors

Table – 57

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Bought leaf supplier debts	1,405,538.55	2,203,548
Bought leaf supplier loans	-	-
Bought leaf transport loans	132,928.43	175,996
Fertilizer debtors	2,922,050.00	533
Trade debtors	37,499,904.18	29,459,125
Sub total	41,960,421.16	31,839,202

1.2 Staff Debtors

Table – 58

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Check-roll loan	-	-
Check-roll debts	42,165.85	51,996
Distress loans	907,350.74	1,359,270
Festival advances	30,251.87	37,252
Labour festival advance	-	2,023
Staff debtors	175,962.42	127,986
Payee tax receivable	15,227.40	15,227
Sub total	1,170,958.28	1,593,754

1.3 Deposits

Table – 59

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Deposits Receivable	11,924,329.34	6,895,829
Bungalow Key Money	-	-
Sub total	11,924,329.34	6,895,829



1.4 Prepayments and Other Receivables

Table - 60

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Accounts Receivable	11,034,248.96	1,265,595
Co Operative Marketing Federation	-	2,824
Cargills Bank Loan	28,592.99	
Emergency Advance	-	
FD Interest Receivable	3,847,046.90	5,623,494
Kotapola MPCs	-	-
Arriconut Planting Project	2,700.00	
Peper Panting Project	12,900.00	
Ginger Panting Project	62,640.00	
Banana Panting Project	60,900.00	
Local Sale Receivable	12,687.50	
Tea Packet Production	4,453,815.36	
Laugh Petroleum	8,484.64	2,019
Short Delivery	43,896.34	44,046
Organic Fertilizer Project	70,757.40	
Tea Sales Centre	89,965.00	9,759
Telephone Dialog Bill	-	-
Insurance Receivable	-	-
Aniversary Celebration	-	-
Markfred	5,854.28	
New Cleanning Field	-	-
Officers Welfare Society	11,525,610.27	4,238,126
Other Advances	1,408,881.71	1,408,882
BF Coins	1,580.22	
Petty Cash	-	-
Pre payments	4,591,626.58	3,527,994
Peper Planting Project	-	
Ginger Planting Project	-	
Banana Planting Project	-	
Stamps	4,080.50	5,112
Sundry Debtors	2,543,300.36	1,450,166
Refuse Tea Supplires	884,659.80	184,467
Sub Total	40,694,228.81	17,762,483



1.5 Non-Moving Balances

Table – 61

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Tea Small Holding Development Authority	18,931.25	18,931
Somerville & Company	798,461.15	798,461
T.G. Hemachandra	27,258.70	27,259
Interest Receivable	-	-
Over Paid Insurance	-	1,008
CIC Fertilizer	348,750.00	348,750
Hayleys Agro	366,029.96	366,030
ISO Programme	356,972.00	356,972
M.P.C.S.Agalawatta	227,024.65	227,025
Unidil Packaging	52,914.10	52,914
SITE Preparation	202,037.70	202,038
Giragama State	-	1,046,771
WHMU Priyantha	26,350.00	26,350
Withholding Tax Receivable	-	-
Sub Total	2,424,729.51	3,472,509

1.6 Other Debit Balances

Table – 62

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Suspense account	-	-
Sundry abatement/Bank remittance	154,241.35	135,125
Sub total	154,241.35	135,125
Grand total	98,328,908.45	61,698,902
Provision for bad and doubtful debts	(1,846,031.76)	(1,724,795)
Net total	96,482,876.69	59,974,107

2. Creditors and Accrued Charges

2.1 Bought Leaf Creditors

Table – 63

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Bought leaf suppliers	47,247,365.13	36,776,933
Sub total	47,247,365.13	36,776,933



2.2 Trade Creditors

Table – 64

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Accounts Payable	4,813,511.06	-
Agstar Fertilizer	97,297.60	97,298
Bank Loan	3,000.00	4,500
Baurs Fertilizer	282,000.00	282,000
Ceylon Fertilizer	348,750.00	348,750
Chandana Engineering	10,400.00	10,400
Eastern Trading	10,082.58	10,083
Firewood Contractors	10,225.00	167,875
Helix Engineering	381,226.60	381,227
Hightech Engineeres	74,350.00	74,350
Jayasinghe & Company	101,000.00	46,000
Laugh Petroleum	-	-
Liyanage Stores	30,400.00	30,400
Quikpack (Pvt) Ltd	-	-
Rent Payable To BCC Lanka	750,000.00	750,000
Unpaid B'Leaf Suppleirs	43,281.73	-
Retention Payable	70,000.04	70,000
Refuse Tea Cash Deposit Payable	-	-
Sundry Creditors/Other Supplires	21,626,710.53	8,875,372
Trade Creditors	3,182.53	-
Thanuja Hardware	-	-
Sub Total	28,655,417.67	11,148,254

2.3 Service Contractor Payments

Table – 65

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Green leaf transport	3,329,742.74	3,037,978
Leaf bag unloading contractors	-	-
Green leaf spreading	-	-
Leaf bag loading contractors	-	-
Sundry contractors	-	-
Sub total	3,329,742.74	3,037,978

2.4 Staff Creditors

Table – 66

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Check Roll/Casual Work	2,906,339.24	1,552,284
Provision For Holiday Wages	924,594.93	402,201
Staff Overtime/Travelling	376,881.01	499,859
Gratuity Payeble	442,662.00	445,362
Sub Total	4,650,477.18	2,899,706



2.5 Accrued Expenses

Table – 67

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Audit fee Payable	1,224,000.00	612,000
B'Leaf Supplire Deposits Payable	4,317,756.88	4,662,228
Cancelled Cheques	970,690.50	903,380
CCC Plantation	1,515,500.94	1,518,501
CESU	25,246.00	31,646
Cargills Bank	175,930.25	1,328,747
Ceylon Electricity Board	-	-
Co.Operative Yatinuwara	-	136,937
Deposit Payable	206,650.00	201,650
Employees' Provident Fund	1,942,292.67	1,525,864
Employees' Trust Fund	278,513.81	271,734
CPPS	59,977.97	45,179
Eastern Trading Agency	-	-
Gamini Engineering	144,914.75	144,915
Holiday Payments	-	-
Head Office STN	1,105,253.60	1,105,254
Insurance	-	-
Lalaln Engineering	-	1,566,002
Lanka Jathika States Work	-	-
Laudgh Petroleum	43,515.88	43,516
Co Operative Markating Federation	139,967.00	-
National Water Supply	-	-
Other Accrued Expenses	4,443,004.31	5,978,001
PAYE Surcharge	59,344.00	59,344
B/F Coins	-	-
Return Cheque	1,395.30	-
Sanasa B'Leaf Supplier Loan	-	-
Sponsorship Receipts	-	-
Sri Lanka Telecom	2,020.25	3,185
Stamp Duty Payable	25,506.00	113,089
Sundry Abetment/Bank Remittance	-	-
Ranmeer Holding	61,566.39	61,566
Tea Shakthi Fund	2,054,159.82	2,049,960
UPW Union	-	2,746
WHT Payable	-	-
Welfare Society	28,600.00	35,200
Randalu Welfare Society	451,030.00	214,600
Officers Welfare Society	18,436,976.44	5,081,067
Sub Total	37,713,812.76	27,696,310



2.6 Other Credits

Table – 68

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Short advance	3,103,549.41	39,729
Sub total	3,103,549.41	39,729

2.7 Unclaimed Balances

Table – 69

As at 31st March Kalubowitiyana Tea Factory Limited	2021/2022 Rs.	2020/2021 Rs.
Checkroll wages	136,518.10	869,371
Bought leaf suppliers	-	-
Salaries & wages	432,979.75	273,699
Staff salaries	-	56,107
Bonus	784,626.98	700,960
Festival advance	-	-
Sub total	1,354,124.83	1,900,137
Grand total	126,054,489.72	83,499,046



Financial Highlights of Preceding Ten Years

	2021/2022 Rs.	2020/2021 Rs.	2019/2020 Rs.	2018/2019 Rs.
Net sales	1,041,133,241.45	1,175,716,247.36	937,789,275.06	971,792,179.69
Cost of sales	(1,026,129,751.47)	(1,158,860,303.57)	(845,680,912.52)	(985,257,848.93)
Gross profit	15,003,489.98	16,855,943.79	92,108,362.54	(13,465,669.24)
Other income	20,003,552.09	26,749,129.73	21,925,980.98	24,262,802.24
Profit before operating expenses	35,007,042.07	43,605,073.52	114,034,343.52	10,797,133.00
Administration and establishment expenses				
Selling and distribution and other expenses	(37,159,299.02)	(44,560,549.03)	(51,113,071.98)	(45,165,514.15)
Profit from operating activities	(2,152,256.95)	(955,475.51)	62,921,271.54	(34,368,381.15)
Finance expenses	(612,515.30)	(14,189,483.93)	(19,653,694.91)	(18,579,649.64)
Net profit before taxation	(2,764,772.25)	(15,144,959.44)	43,267,576.63	(52,948,030.79)
Income tax	(4,533,979.64)	1,001,556.55	(5,535,371.27)	4,167,928.45
Net profit after taxation	(7,298,751.89)	(14,143,402.89)	37,732,205.36	(48,780,102.34)



Table - 70

2017/2018 Rs.	2016/2017 Rs.	2015/2016 Rs.	2014/2015 Rs.	2013/2014 Rs.	2012/2013 Rs.
1,004,319,623.10	935,591,884.34	775,730,199.81	751,044,477.30	779,486,292	769,483,494
(983,007,160.69)	(881,617,227.76)	(767,358,579.26)	(737,909,957.50)	(747,630,426)	(732,146,392)
21,312,462.41	53,974,656.58	8,371,620.55	13,134,519.80	31,855,865	37,337,103
26,091,300.53	19,676,356.10	43,465,176.11	42,923,956.86	26,770,146	18,908,625
47,403,762.94	73,651,012.68	51,836,796.66	56,058,476.66	58,626,011	56,245,728
(41,116,894.46)	(33,262,579.21)	(31,413,579.54)	(36,183,737.86)	(28,971,387)	(29,231,329)
6,286,868.48	40,388,433.47	20,423,217.12	19,874,738.80	29,654,625	27,014,399
(13,219,529.74)	(9,164,033.62)	(8,428,981.00)	(2,885,464.36)	(2,105,842.47)	(107,679.26)
(6,932,661.26)	31,224,399.85	11,994,236.12	16,989,274.44	27,548,782	26,906,720
(654,697.98)	(1,723,391.30)	(2,178,708.00)	(3,851,962.00)	(8,213,713)	(5,112,710)
(7,587,359.24)	29,501,008.55	9,815,528.12	13,137,312.44	19,335,069	21,794,010

Notes

Corporate Information

Name of the Company

Kalubowitiyana Tea Factory Limited

Company Registration No.

PB 1020

Shifted Office

No. 53, Rathnayaka Road, Pelawatta, Battaramulla.

Legal Firm

A Public Company with Limited Liability
Incorporated in Sri Lanka on 30th September 1992.

Telephone No.

+94 11 278 6734
+94 11 278 6469
+94 11 278 6713

Fax No.

+94 11 464 5279

Email Address

office.gen@kalubowitiyanatea.lk

Auditors

National Audit Office
No. 306/72,
Polduwa Road,
Battaramulla.

Secretaries

RNH Holdings (Pvt) Ltd.
RNH House', No. 622 B,
Kotte Road, Kotte.

Lawyers

F J & G De Saram
Attorney-at-Law & Notaries Public
No. 216, De Saram Place,
Colombo 10.

Bankers

People's Bank

Board of Directors

Mr. B. K. Aminda Umesh Rodrigo – (Chairman)
Mrs. Indrani Sugathadasa – Member/Shareholder
Mr. Hemal Kasthuriarachchi – Director/Treasury Representative*
Mrs. J. A. T. D. S. Kumara – Director/Treasury Representative**
Mrs. D. M. M. Dissanayake – Member/Ministry Representative
Mr. D. U. Abeysondera
Mr. W. K. B. T. K. Alwis
Mr. J. Wijesinghe
Mr. R. C. D. Jayawardena

Corporate Management

Dr. M. N. Jayawardena
(Managing Director/CEO)

Mrs. S. A. Nirosha Lalani
(Manager – Finance)

Mr. P. Dehiwalage
(Acting Manager – Administration & Human Resources)

Mr. T. A. D. J. C. Thilakarathna
(Factory Manager – Kalubowitiyana Tea Factory)

Mr. S. A. Thusitha
(Factory Manager – Derangala Tea Factory)

Mr. D. J. Mohottige
(Factory Manager (Manikdiwela Tea Factory)

Mr. L. A. D. D. I. Nandasiri
(Assistant Factory Manager – Hiniduma Hills Tea Factory)

Mr. A. A. M. Afras
(Assistant Manager – Marketing)

Factories

Kalubowitiyana CTC Factory
Abeywila, Kalubowitiyana.
Tel/Fax : +94 91 378 3020
Email : ktf.gen@kalubowitiyanatea.lk

Derangala Tea Factory
Kiriwelkelle, Pitabeddara.
Tel/Fax : +94 91 378 3621
Email : dtf.gen@kalubowitiyanatea.lk

Hiniduma Hills Tea Factory
Jesmin Velly Junction, Thawalama.
Tel/Fax : +94 41 720 1222
Email : htf.gen@kalubowitiyanatea.lk

Manikdewela Tea Factory
Thismada Road, Manikdewela.
Tel/Fax : +94 81 206 9620/21
Email : mtf.gen@kalubowitiyanatea.lk

* Until 24th March 2022

** From 25th March 2022

Design and Concept by



Kalubowitiyana Tea Factory Limited

No. 53, Rathnayaka Road, Pelawatta,
Battaramulla. Sri Lanka.

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Email : office.gen@kalubowitiyanatea.lk